

FY2024 Budget Planning: Budget Foundation and Initial Revenue Presentation



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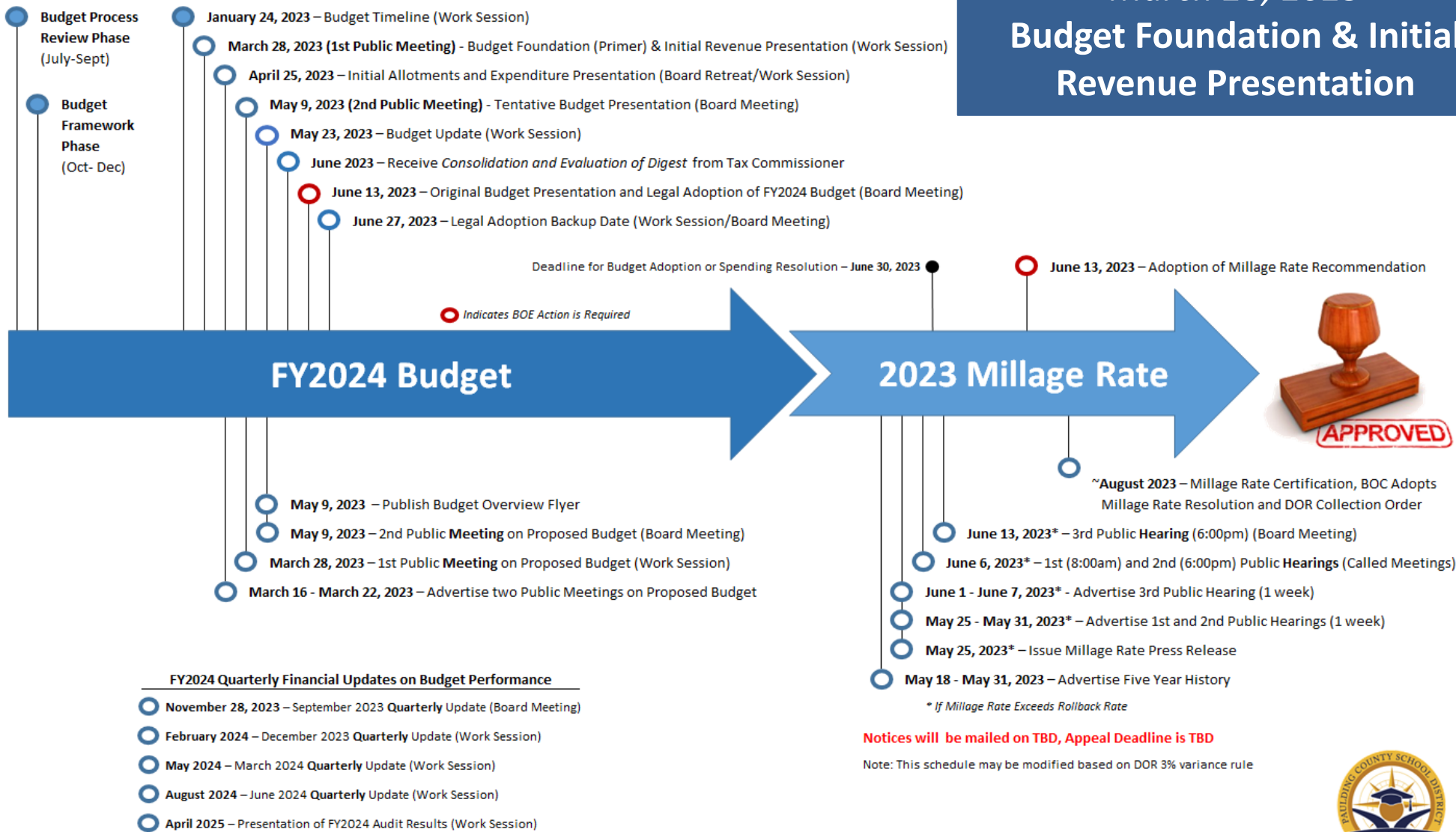
Agenda

1. 2024 Budget Roadmap
2. Factors Influencing Budget Decisions:
 - Demographic and Economic Factors
 - Enrollment Factors
 - Funding Factors
3. General Fund Revenue (Preliminary)

Appendix



FY2024 Budget Development - Major Milestones



March 28, 2023
Budget Foundation & Initial
Revenue Presentation

FY2024 Public Meetings and Hearings, Press Releases, Advertisements and Notices



Organizational Factors Influencing Decisions: Demographic and Economic Factors

Despite favorable employment and poverty levels, a below average tax digest-per-student and subsequent local funding, which results from higher children-per-household, a limited commercial and industrial tax base, and slightly below-average millage rate.

- Low unemployment rate and poverty percentage
- Largest employer and industry in county
- Most workers employed outside the county
- Limited commercial or industrial businesses, by tax base and land use
- Impaired net tax digest and property taxes per student
- One of the fastest growing counties in Georgia
- Large number of school-age children
- Recent decline in building permits and residential sales
- Increasing residential home values and recent increase in days on the market
- Unfavorable variance with statewide wealth-per-weighted FTE



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Top 10 Employers ^A	Count	%
1) PCSD	3,982	4%
2) Wellstar	1,250	1%
3) Paulding County	1,093	1%
4) Publix	494	1%
5) Kroger	310	0%
6) Walmart	282	0%
7) Metromont	221	0%
8) Learning Bridge	186	0%
9) Home Depot	184	0%
10) McDonalds	175	0%
Total	8,177	9%

Unemployment Rate ^B	%
Paulding County	3.0%
Douglas County	4.4%
Bartow County	3.5%
Carroll County	3.7%
Cobb County	3.3%

County Where Employed ^C	
Paulding	30.0%
Other	70.0%

Top 10 Industries (by Employment) ^B	%
1) Government (Education)	19%
2) Retail	19%
3) Healthcare & Social Services	16%
4) Accommodations & Food Services	14%
5) Construction	7%
6) Manufacturing (all)	5%
7) Admin, Support & Waste Services	5%
9) Other Services	3%
8) Professional Services	3%
10) Wholesale Trade	2%
	91%

Commercial/Industrial Land Use ^D	%
Paulding County	3%
Douglas County	15%
Bartow County	6%
Coweta County	7%

Employment.

PCSD is the largest employer and represents the largest industry in Paulding County. The county maintains a relatively low unemployment rate, with most workers employed outside the county.

Land Use.

Only a small percentage of land in Paulding County is used for Commercial or Industrial Purposes.

A) Source: 2022 Comprehensive Annual Financial Report for Paulding County, Georgia

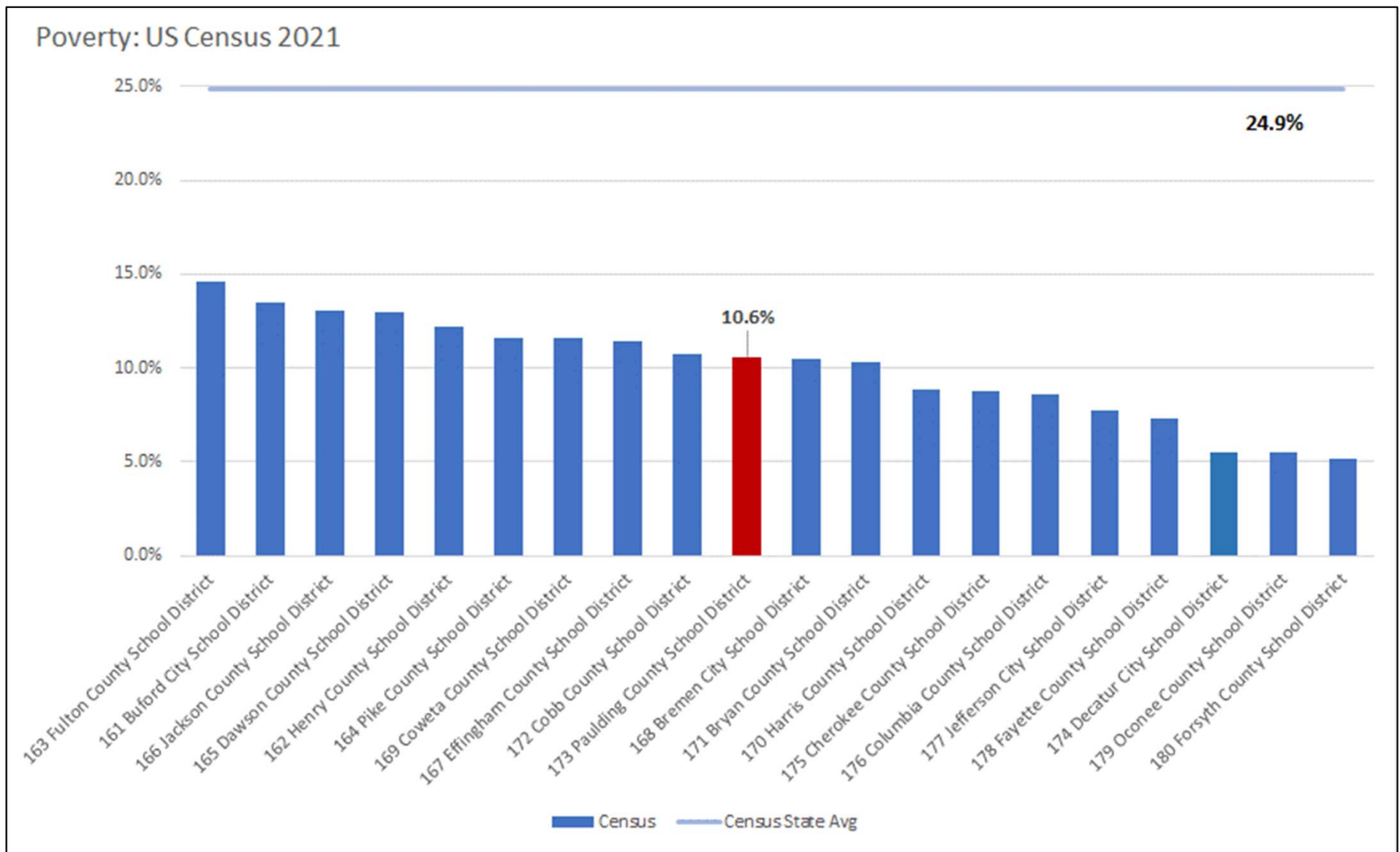
B) Source: Georgia Department of Labor Statistics (Area Labor Profile Updated Jan 2023) on 2.1.23

C) Source: US Census Residence-to-Workplace County Commuting Flows: 2011-2015 on 2.1.23

D) Source: Georgia Department of Revenue Tax Digest Consolidated Summaries on 3.9.23

Various

Employment and Land Use

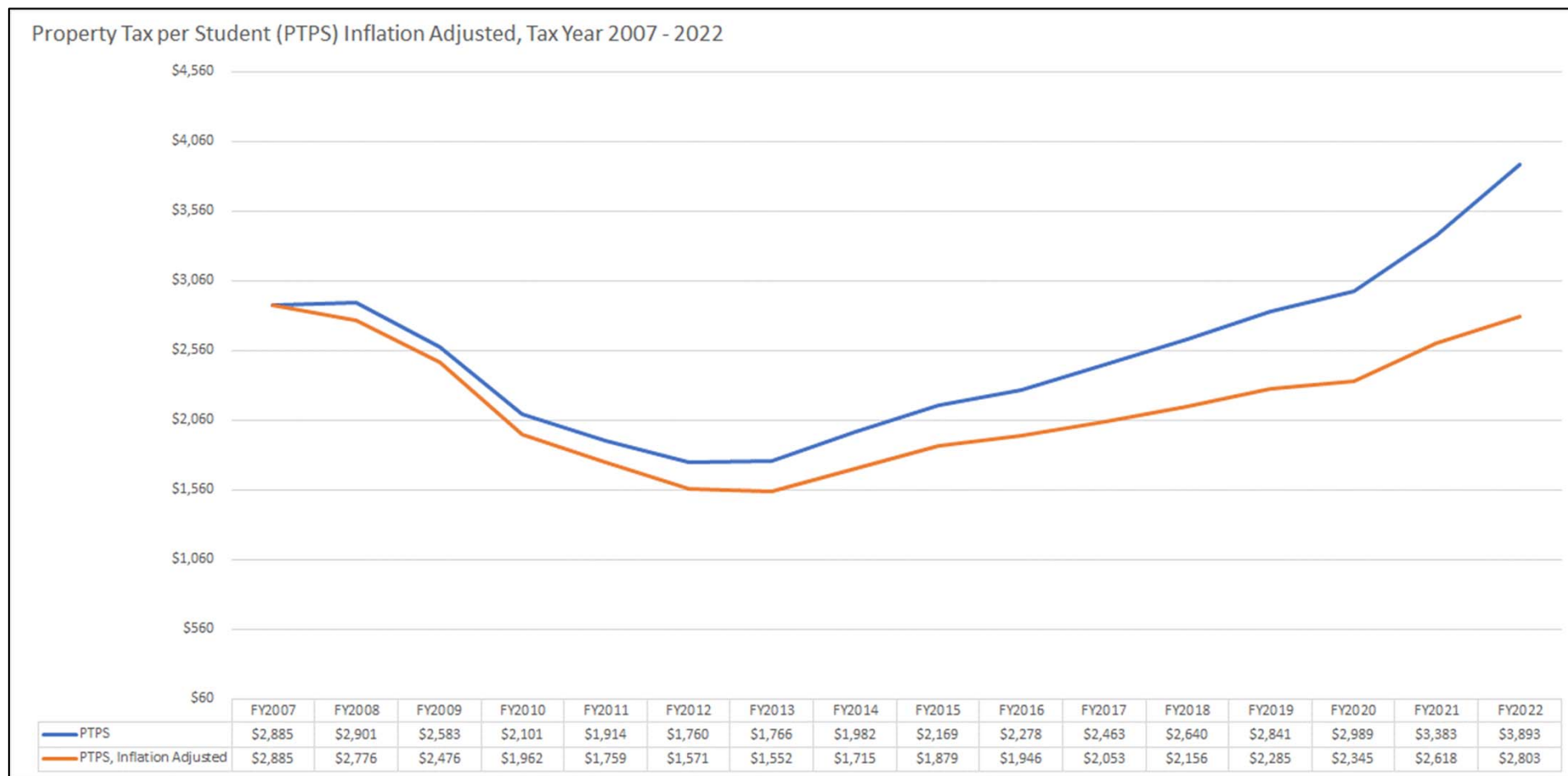


Poverty Metrics. As of 2021, with an 10.6% poverty percentage, the US Census ranked PCSD 170 (out of 180, 24.9% average).

2021

Poverty Level

Property Tax. As of FY2023, property tax per student (PTPS) has decreased -2.9% from FY2007, inflation adjusted. This is significant to note because approximately one-third of the District's revenues comes from local sources.

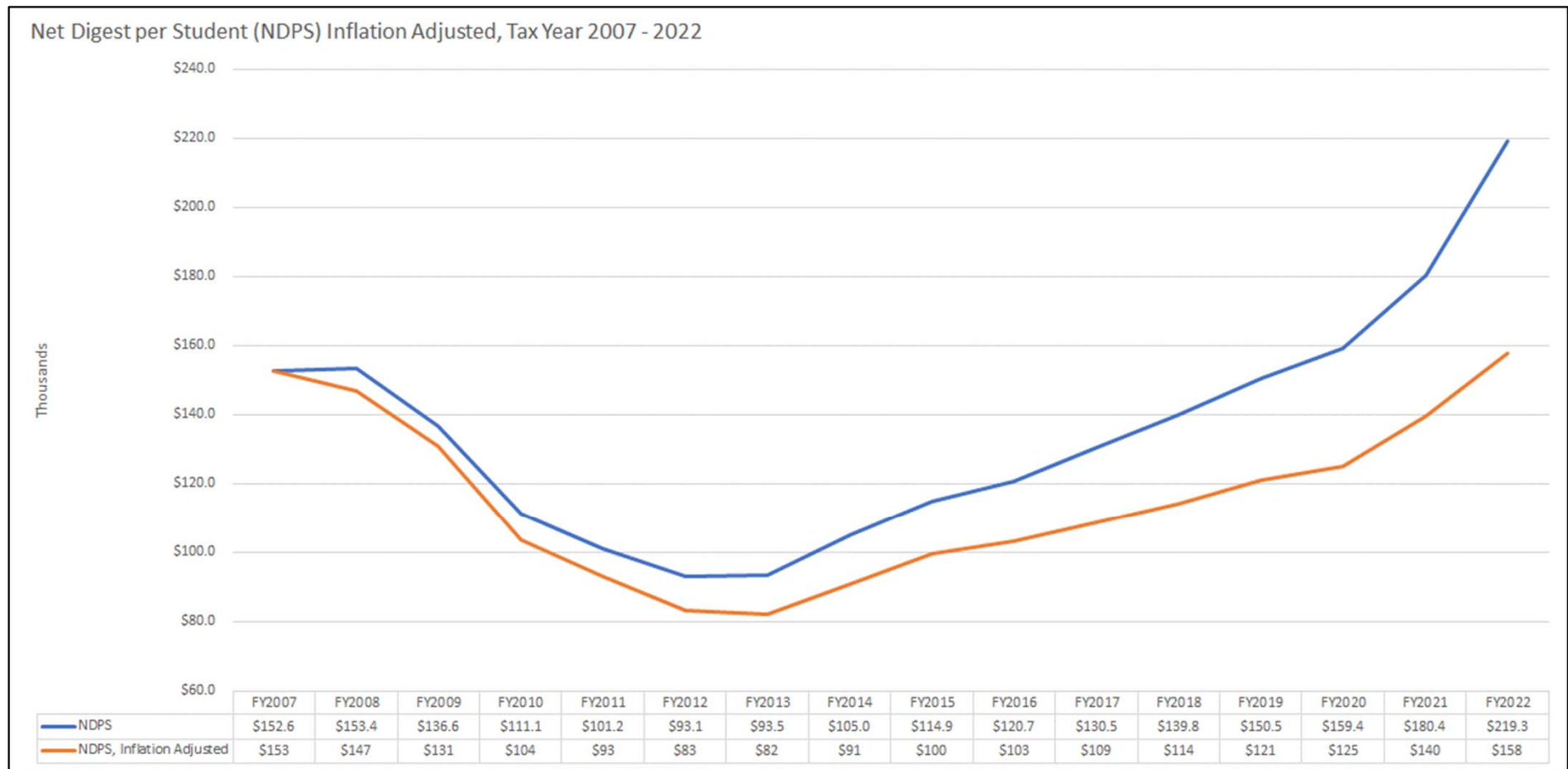


Source: Bureau of Labor Statistics, CPI Calculator (measured in January, annually) and Georgia Department of Revenue, Consolidated Tax Digest Summary

FY2007 – FY2022

Property Tax Per Pupil

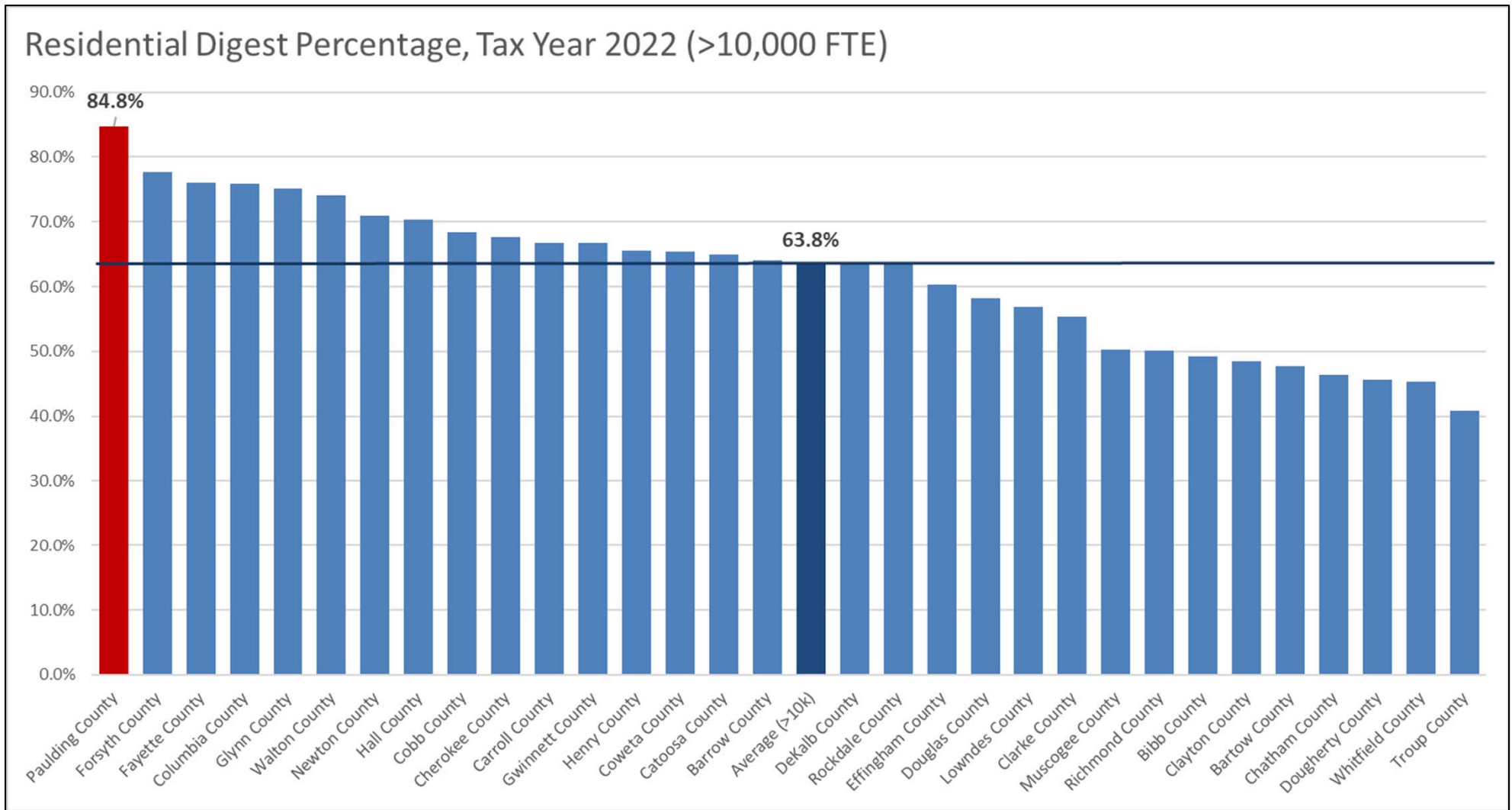
Net Digest. As of FY2023, net digest per student (NDPS) has increased just 3.5% from FY2007, inflation adjusted. This is significant to note because the District has been recovering from the Great Recession and approximately one-third of the District's revenues comes from local sources.



Source: Bureau of Labor Statistics, CPI Calculator (measured in January, annually) and Georgia Department of Revenue, Consolidated Tax Digest Summary

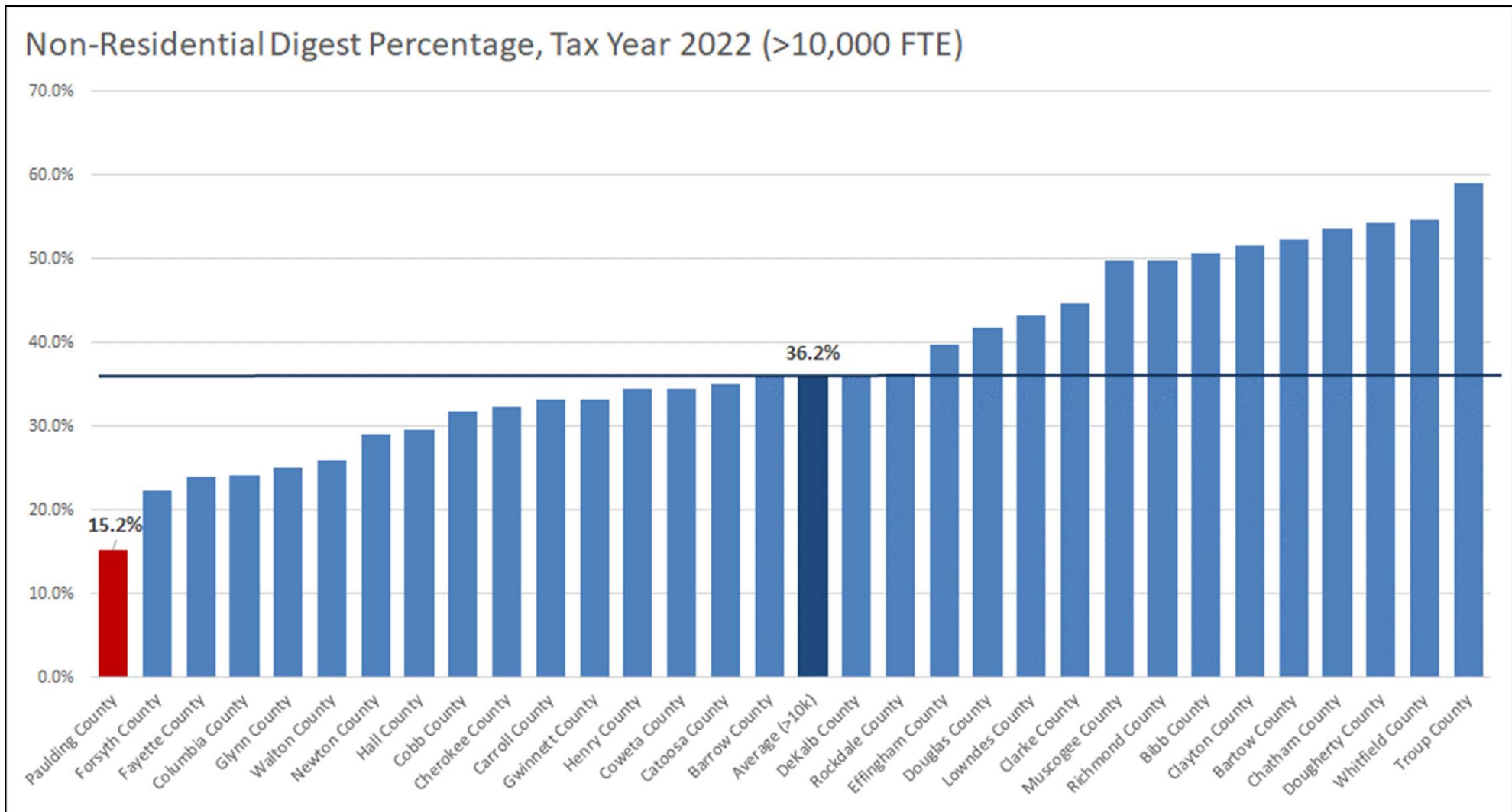
FY2007 – FY2022

Tax Digest and the Great Recession



Residential Digest Percentage. As of 2022, Paulding County had the highest percentage of the digest considered residential at 84.8%, compared to a large district average of 63.8%.

2022



Non-Residential Digest Percentage. As of 2022, Paulding County had the lowest percentage of the digest considered non-residential at 15.2%, compared to a large district average of 36.2%.

2022

Non-Residential Digest Percentage

Population Growth.

Paulding County is one of the fastest growing counties in Georgia.

School-age Children.

Tax digest issues are exacerbated by the high number of school-age children per household in Paulding County, as there is not a correlating increase in funding because local funding is based on property tax values not the number of school-age children living in the home.

	Paulding County	State of Georgia	%
Population, July 1, 2021 Estimate	173,780	10,788,029	1.6%
Population, 2010 Census	142,324	9,687,653	1.5%
Change	31,456	1,100,376	
% Change	22.1%	11.4%	
Housing Units, July 1, 2021	61,417	4,475,274	1.4%
Building Permits, 2020	2,143	67,223	3.2%
Persons per Household (2017-2021)	3.00	2.67	12.4%
Population Age 5 - 18	19.6%	17.5%	2.1%



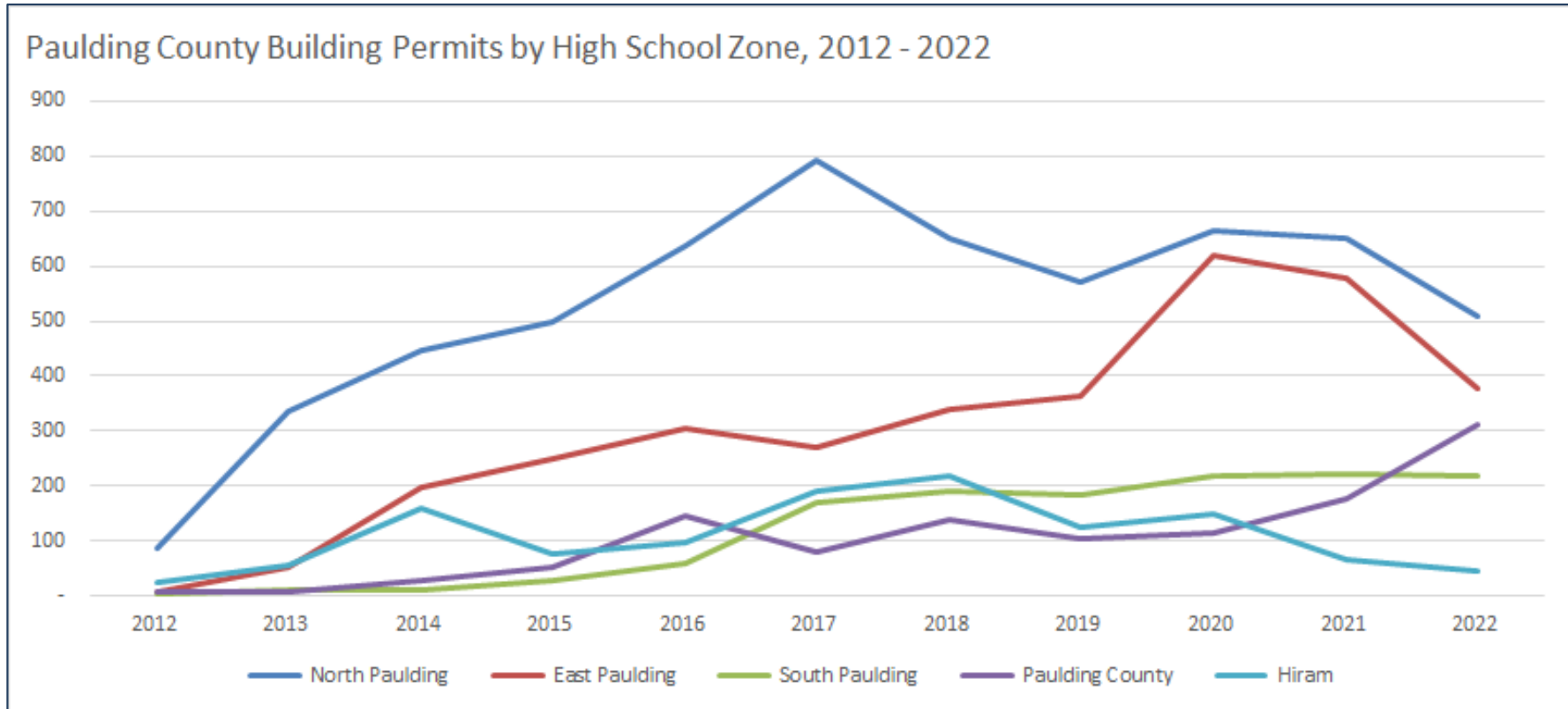
	Population	%	Housing Units	%	Var	Persons per HH	Age 5-18	Persons per HH Age 5-18 %
Paulding County	173,780	1.6%	61,417	1.4%	0.2%	3.00	19.6%	0.59
Bartow County	110,843	1.0%	43,469	1.0%	0.1%	2.81	17.5%	0.49
Douglas County	145,814	1.4%	54,817	1.2%	0.1%	2.83	19.5%	0.55
Carroll County	121,968	1.1%	46,998	1.1%	0.1%	2.70	17.4%	0.47
Coweta County	149,956	1.4%	58,000	1.3%	0.1%	2.71	17.8%	0.48
Cobb County	766,802	7.1%	311,450	7.0%	0.1%	2.62	17.1%	0.45
Cherokee County	274,615	2.5%	103,714	2.3%	0.2%	2.77	17.8%	0.49
Average Comp	261,666	2.4%	103,075	2.3%	0.1%	2.74	17.9%	0.49

Source: <http://www.census.gov/quickfacts> on 2.1.23
Large Districts are districts with >10,000 FTE

2021

Population Growth and School-Age Children

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
North Paulding	86	336	446	497	636	792	649	570	664	651	510
East Paulding	7	53	199	251	304	269	340	365	620	577	378
South Paulding	3	10	11	29	60	170	190	184	219	223	219
Paulding County	6	7	28	53	146	81	137	105	113	178	311
Hiram	23	56	160	75	96	189	218	124	148	67	44
Total	125	462	844	905	1,242	1,501	1,534	1,348	1,764	1,696	1,462



Building Permits. In 2012, Paulding County issued 125 building permits. By 2022, 1,462 were issued, with most of the growth clustering around North and East Paulding County.

Source: Paulding County Economic Development and Paulding County Chief Appraiser

FY2012 – FY2022

Building Permits

Residential Home Sales.

Over 2,900 properties sold in 2022, a decrease of 555 or -15.8% over the prior year.

2022 represents an increase of 873 or 42.0% over 2012.



Source: Paulding County Chief Appraiser

2012 – 2022

Residential Home Sales

Average Sales Price.

The average sales price in 2022 was \$367,902 an increase of \$54,290 or 17.3% over the prior year.

Days on the Market.

In 2022, the average number of days on the market increased 10 days or 66.7% to 25 days.



Source: Paulding County Chief Appraiser

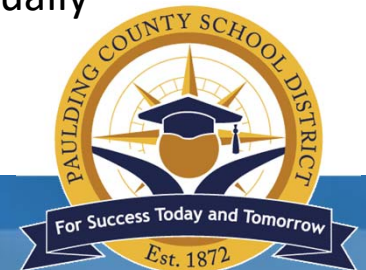
2012 – 2022

Residential Home Sales

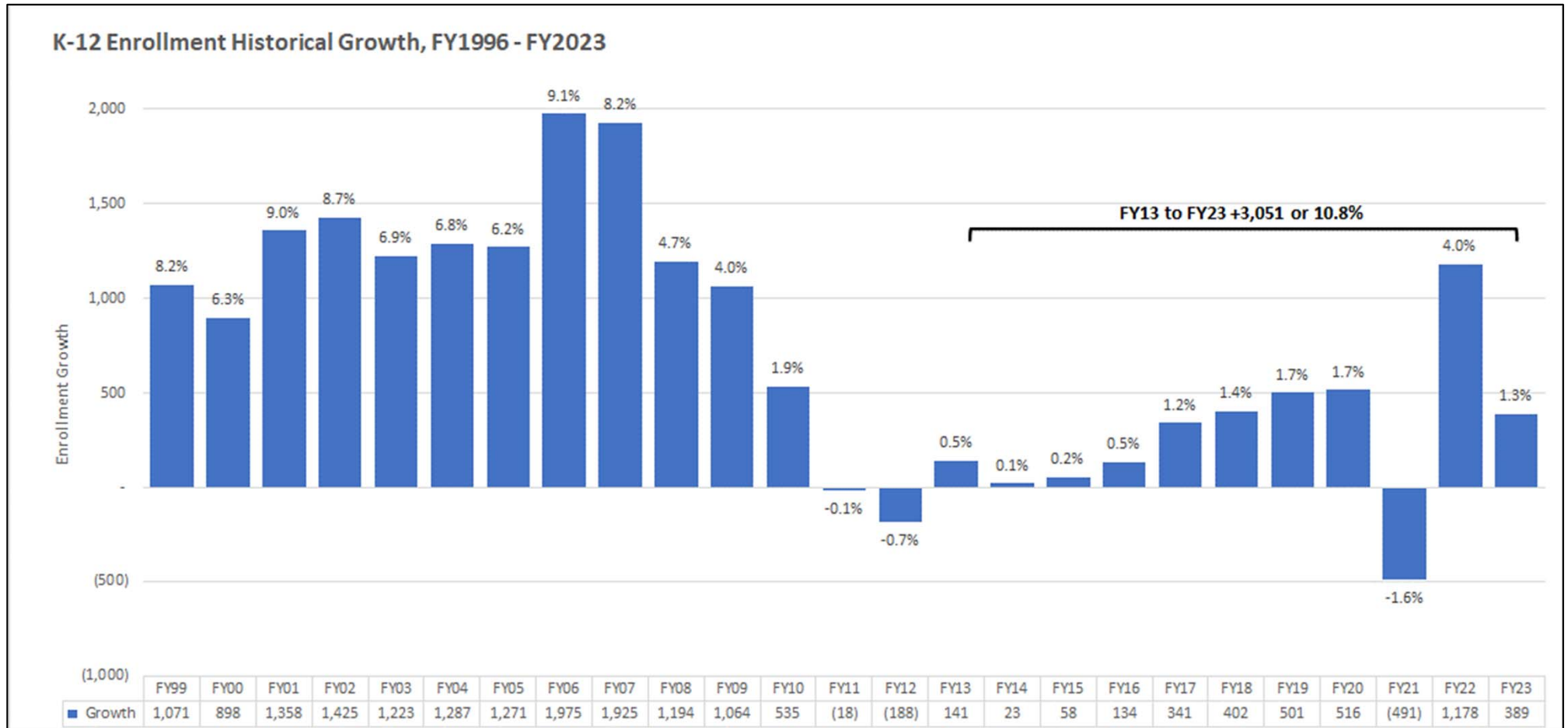
Organizational Factors Influencing Decisions: Enrollment Factors

The district is the 11th largest district in the state of Georgia and is poised to continue its growth trajectory. Over the prior three years, PCSD was the 6th fastest growing large district in Georgia. The most current demographic studies indicates this growth will continue over the next 5 to 10 years and will continue to exceed comparable districts.

- As of FY2023 PCSD is the 11th largest school district in Georgia, with 31,302 students
- Enrollment rank is 7 out of 15 comparable districts (20k-60k)
- 3-year annual growth rate of 1.2%, 6th highest of the 35 large districts in Georgia
- FY2024 projections reflect an increase of 476 students or 1.5% to 31,777
- Over the prior 10-years the district has grown 3,051 or 10.8%
- 15.3% are enrolled in an ESEP program, compared to a large district average of 13.2%
- Demographics studies reflects a 5-year increase of 5% – 10% , or 1% – 2% annually
- Studies also indicates a 10-year increase of 10% – 15%, or 1.0% - 1.5% annually



K-12 Enrollment Historical Growth. For the 10 years ending FY2023, the district had an annual growth rate of 1.0%. FY2013-FY2023 enrollment increased 3,051 or 10.8%. FY2023 enrollment increased 389 or 1.3% to 31,302. Preliminary FY2024 projections reflect an enrollment increase of 476 or 1.5% to 31,777.

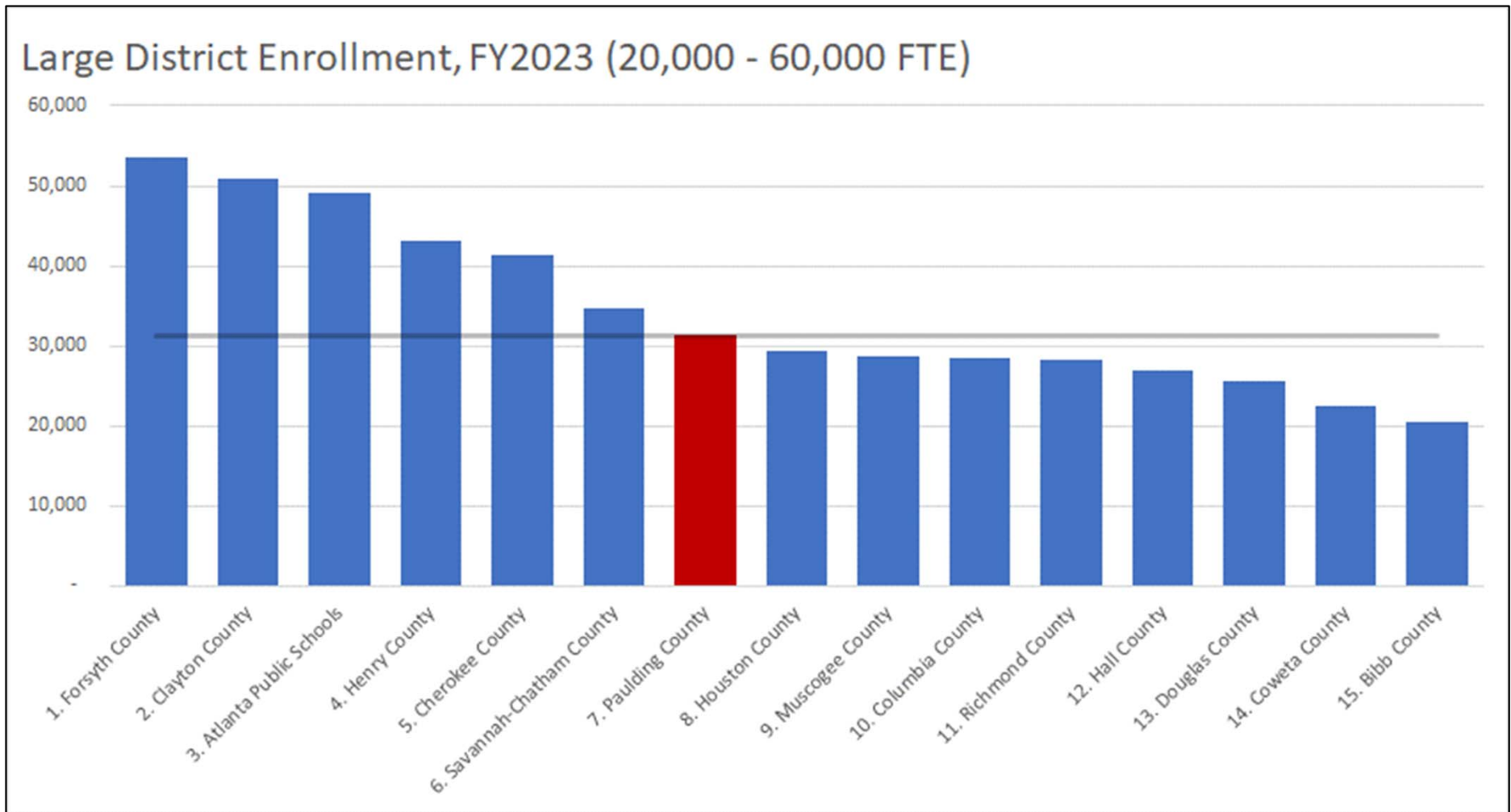


Source: GaDOE (Student Enrollment by Grade)

FY1999 – FY2023

Historical Growth

20,000 to 60,000 Comp Enrollment As of October 2022, PCSD was the 7th largest school district in Georgia (out of districts with 20,000 to 60,000 enrollment).

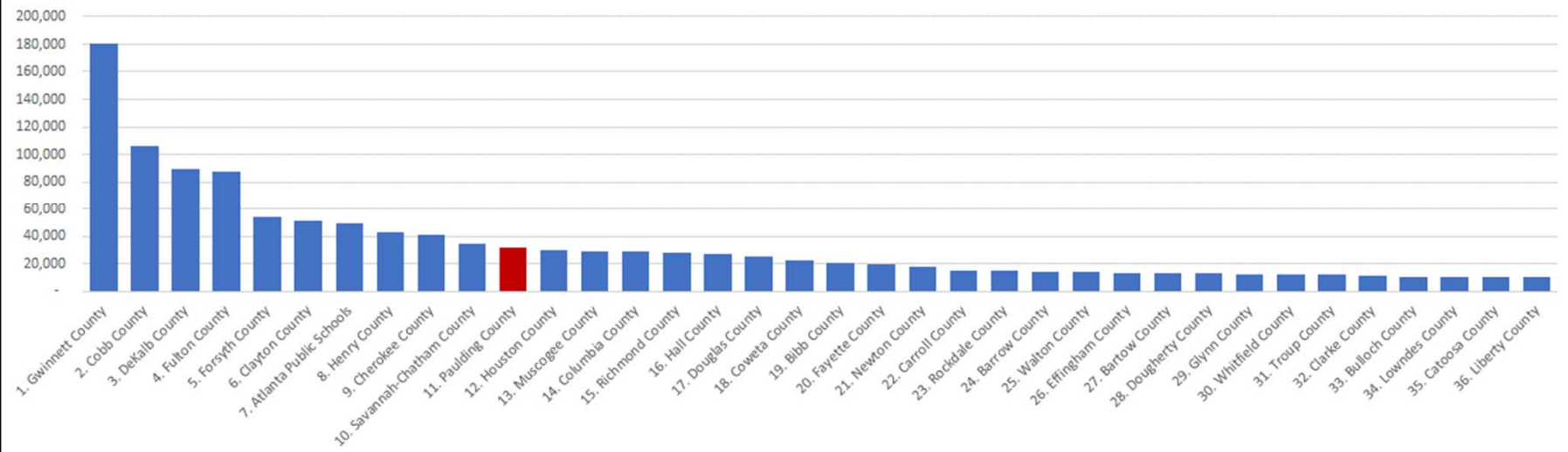


Source: GaDOE (Student Enrollment by Grade)

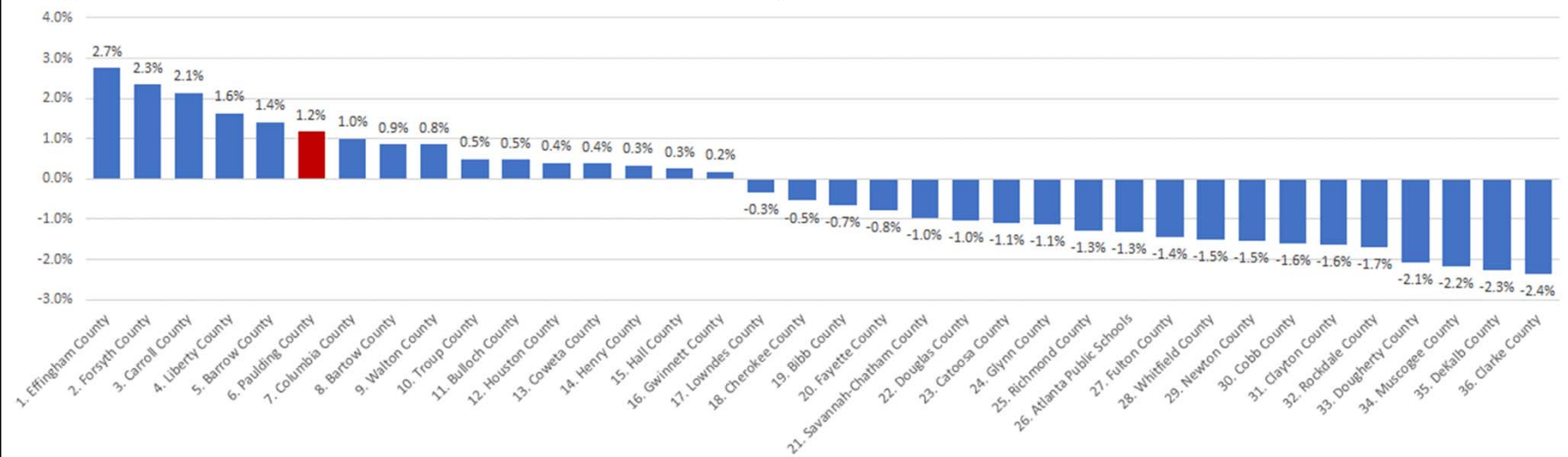
FY2023

Enrollment Growth

Large District Enrollment, FY2023 (>10,000 FTE)



Large District Three-Year CAGR, FY2020-FY2023 (>10,000 FTE)



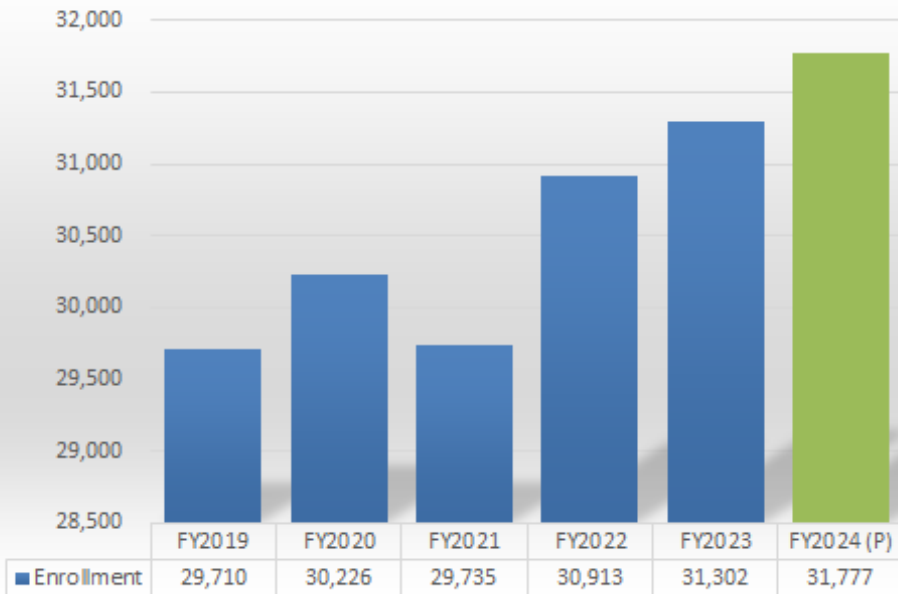
Large District Enrollment As of October 2022, PCSD was the 11th largest school district in Georgia (out of the 180 districts and 36 large districts).

Source: GaDOE (Student Enrollment by Grade), Large Districts are districts with >10,000 FTE

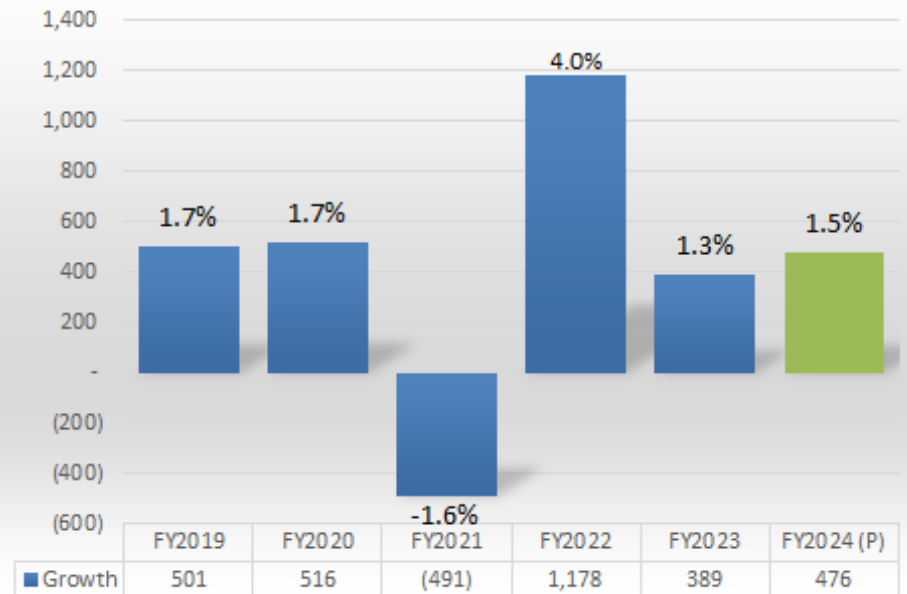
FY2018- FY2023

Enrollment Growth

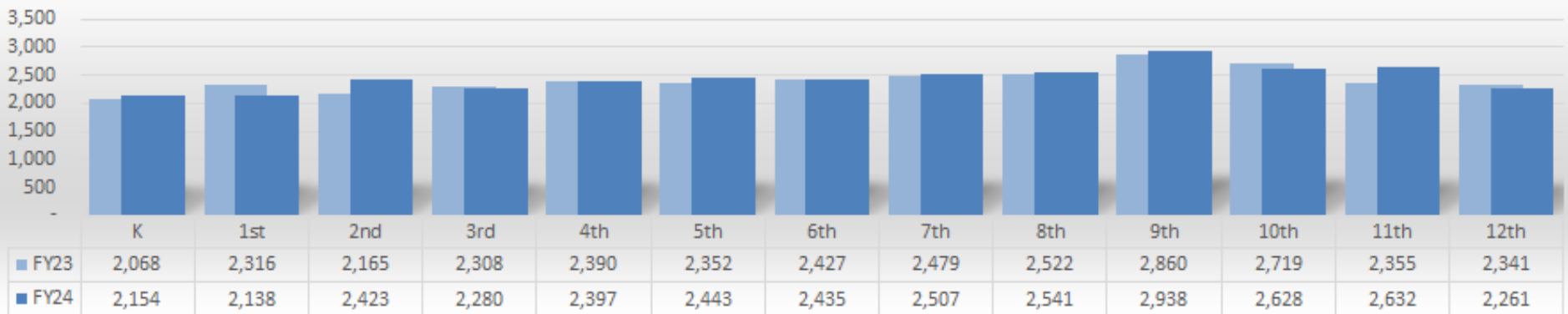
FY2024 K-12 Enrollment



FY2024 K-12 Enrollment Growth



FY2024 Enrollment by Grade



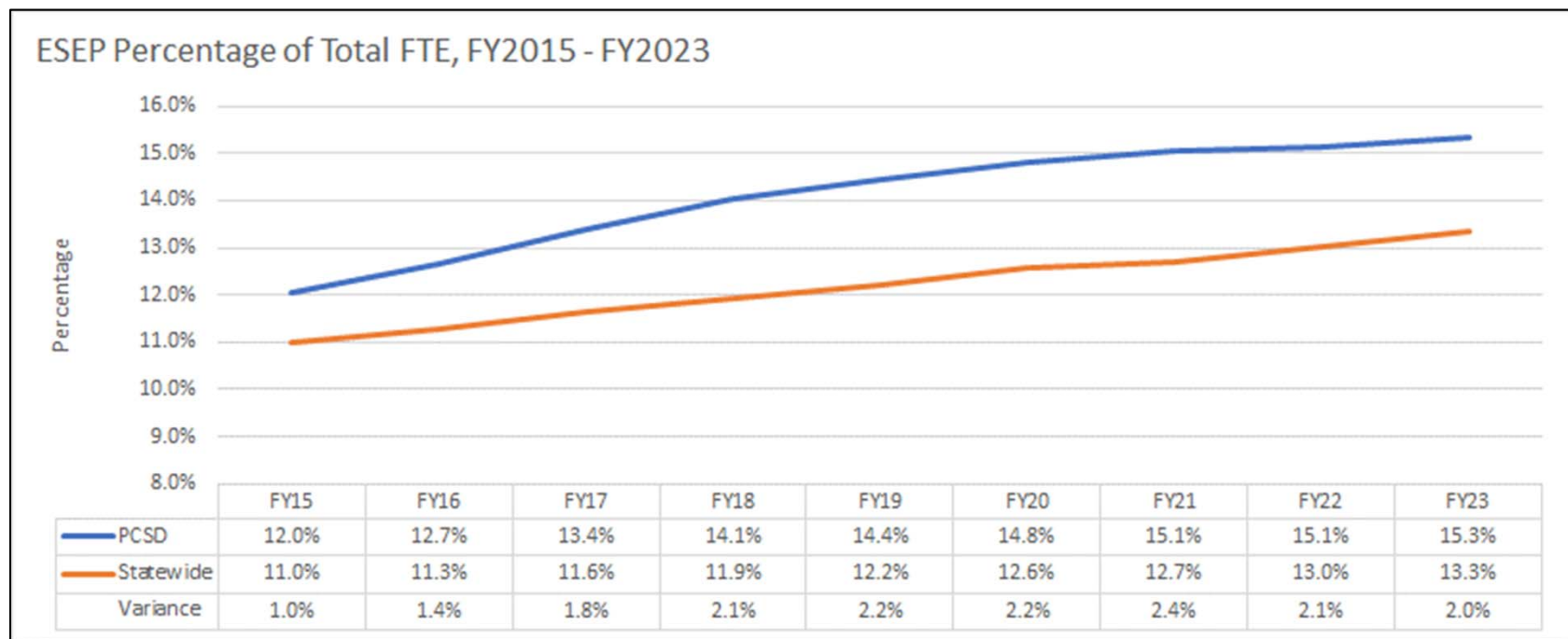
Please Note: These are preliminary numbers and will be influenced by Kindergarten Registration, School Choice, Programs, etc.

FY2024 (P)

Preliminary Enrollment

ESEP Participation. Enrollment in Exceptional Students Educational Programs (ESEP) continues to increase. In FY2023, 15.3% of the student population was enrolled in an ESEP program, compared to a statewide and large district average of 13.3% and 13.2%, respectively.

From FY2015 to FY2023, the district, statewide and large district participation percentage increased 3.3%, 2.3% and 1.0%, respectively.



Source: GaDOE Enrollment by Disability and Student Enrollment by Grade as of FY2023 (includes PK)
 Large Districts are districts with >10,000 FTE

FY2015- FY2023

Organizational Factors Influencing Decisions: Funding Factors

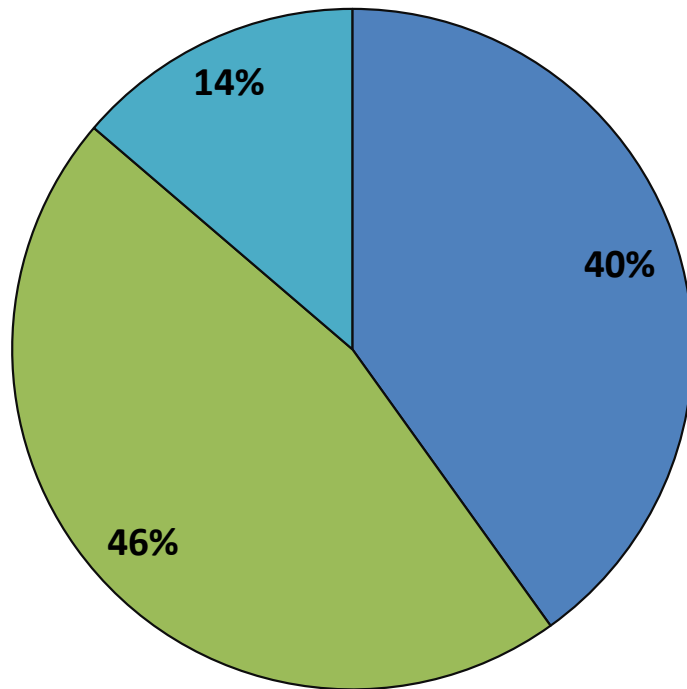
With a significantly lower non-residential digest percentage and slightly below average millage rate, local revenue per-pupil will remain low, materially lower than other large and comparable districts. Fueled by the Equalization Grant, state revenue will offer some relief. However, the district will remain low in total revenue per-pupil, in relation to its size, and compared to similar districts.

- 59% of revenue comes from state sources, statewide average is 46%
- 4th largest recipient of the Equalization Grant
- 33% local sources, statewide average is 40%
- Local revenue per-pupil rank is 27 out of 36 large districts
- Lowest per-pupil Title I funding of any comparable group
- Millage rate is 17.750, below 18.042 large district average
- Local revenue per-pupil rank is 12 out of 15 comparable districts (20k-60k)
- State revenue per-pupil rank is 2 out of 15 comparable districts (20k-60k)
- Total revenue per-pupil rank is 10 out of 15 comparable districts (20k-60k)



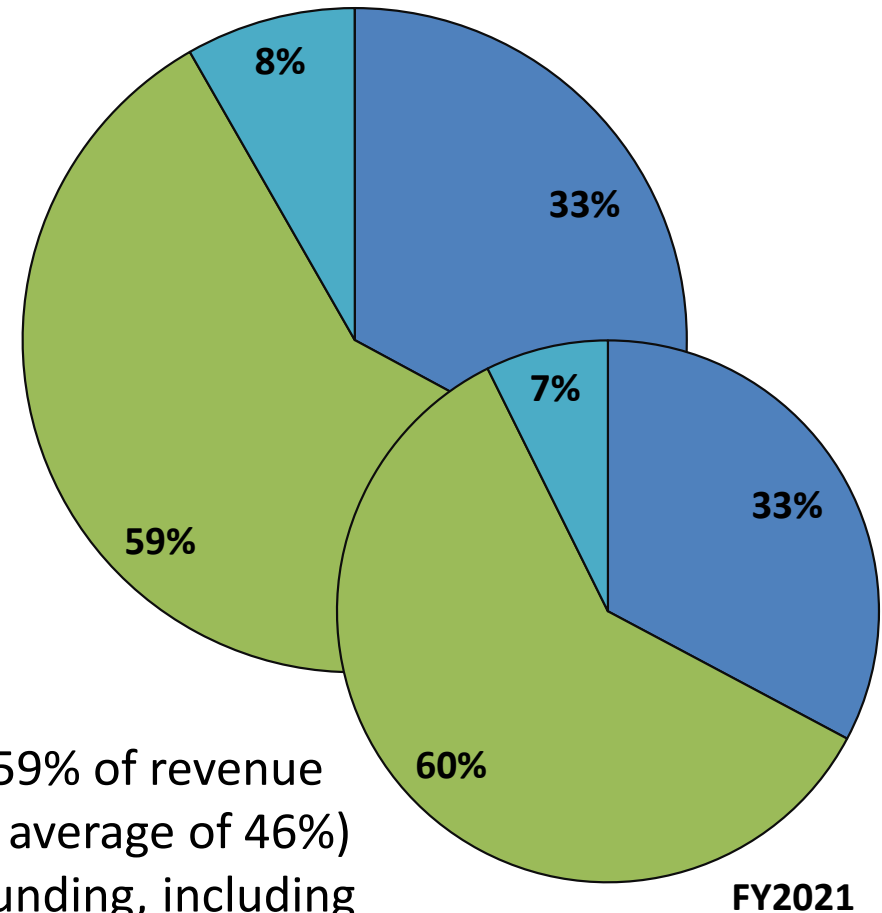
FY2022 Statewide Revenue Sources

Local Revenue State Revenue Federal Revenue



FY2022 PCSD Revenue Sources

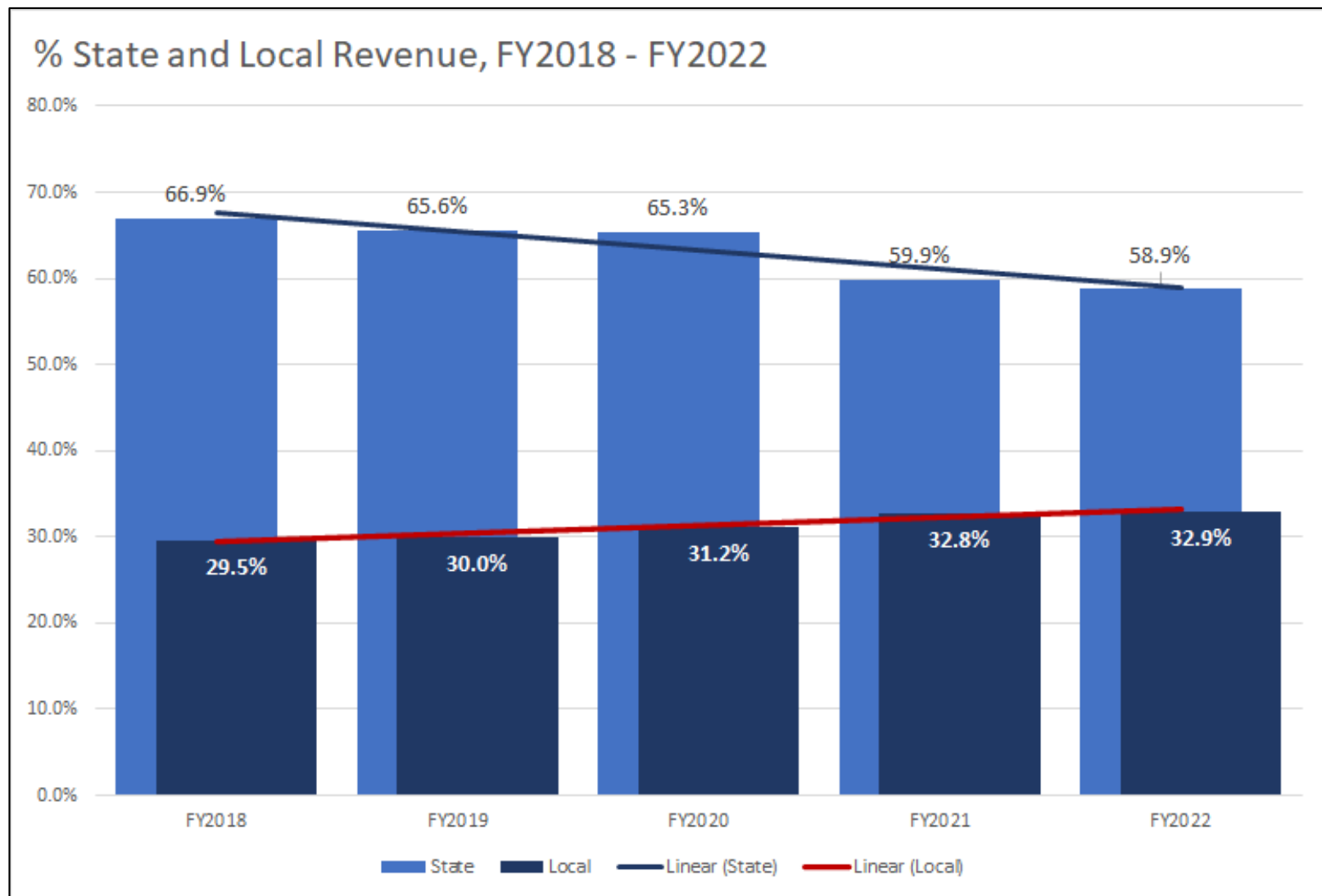
Local Revenue State Revenue Federal Revenue



Dependency on State Sources. With approximately 59% of revenue coming from state sources (compared to a statewide average of 46%) the District is highly susceptible to changes in state funding, including austerity reductions, Equalization Grant funding and changes in the Quality Basic Education (QBE) formula.

Source: GaDOE School System Revenue/Expenditures Report as of FY2022

FY2022



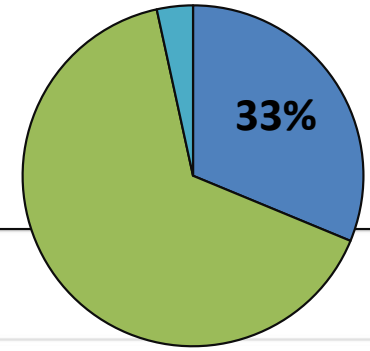
% State and Local Revenue Trend. From FY2018 to FY2022, the percentage of revenue from state sources has decline from 66.9% to 58.9%, while the percentage of revenue from local sources has increased from 29.5% to 32.9%.

Source: FY2023 Budget Primer - GaDOE School System Revenue/Expenditures Report as of FY2022

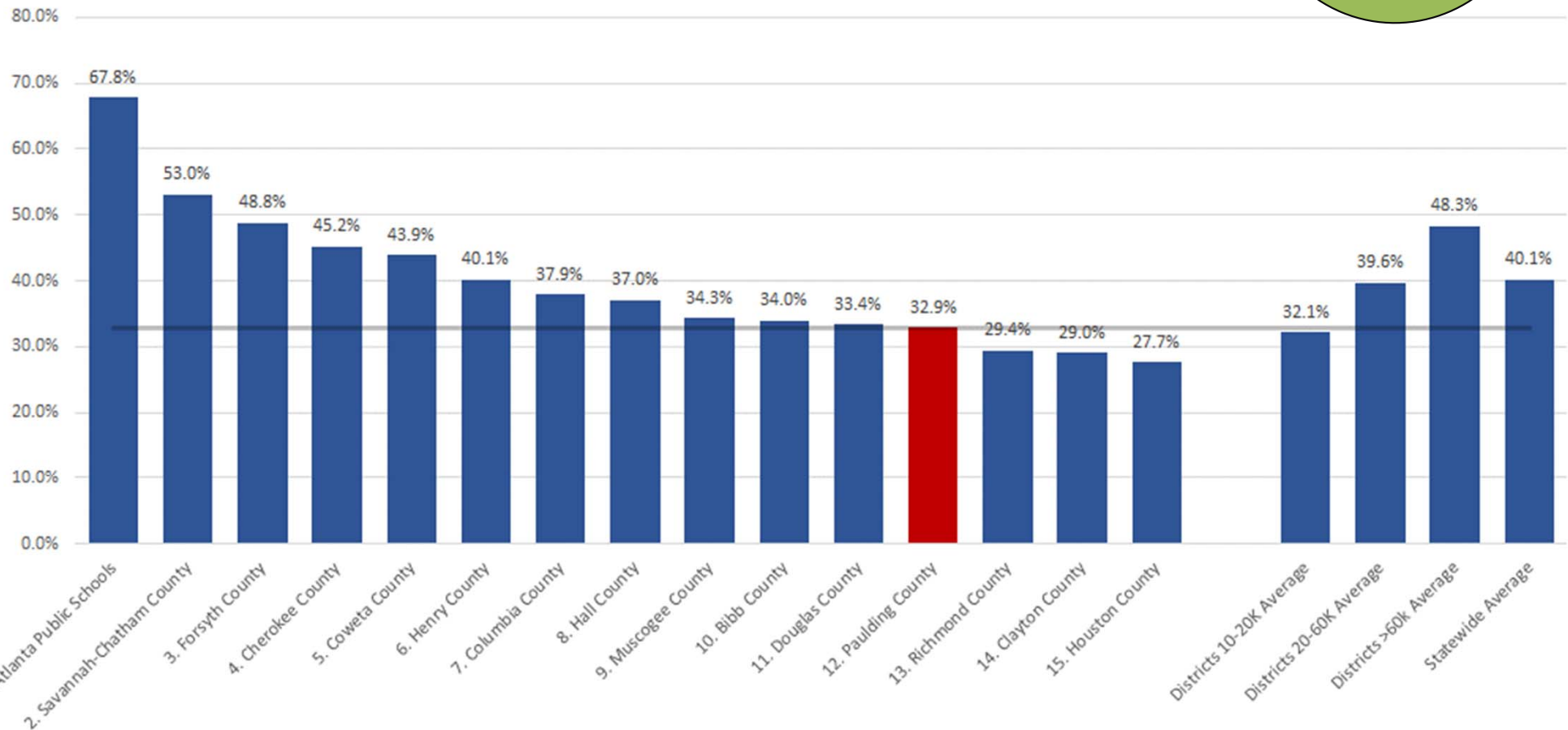
FY2018 – FY2022

Revenue Sources Trend

Local Per-Pupil Revenue. As of FY2022, local per-pupil revenue was 32.9% of total revenue. This is lower than most comparable groups, including the statewide average of 40.1%.



Per-Pupil Revenue - Local, FY2022 (20,000 - 60,000 FTE)

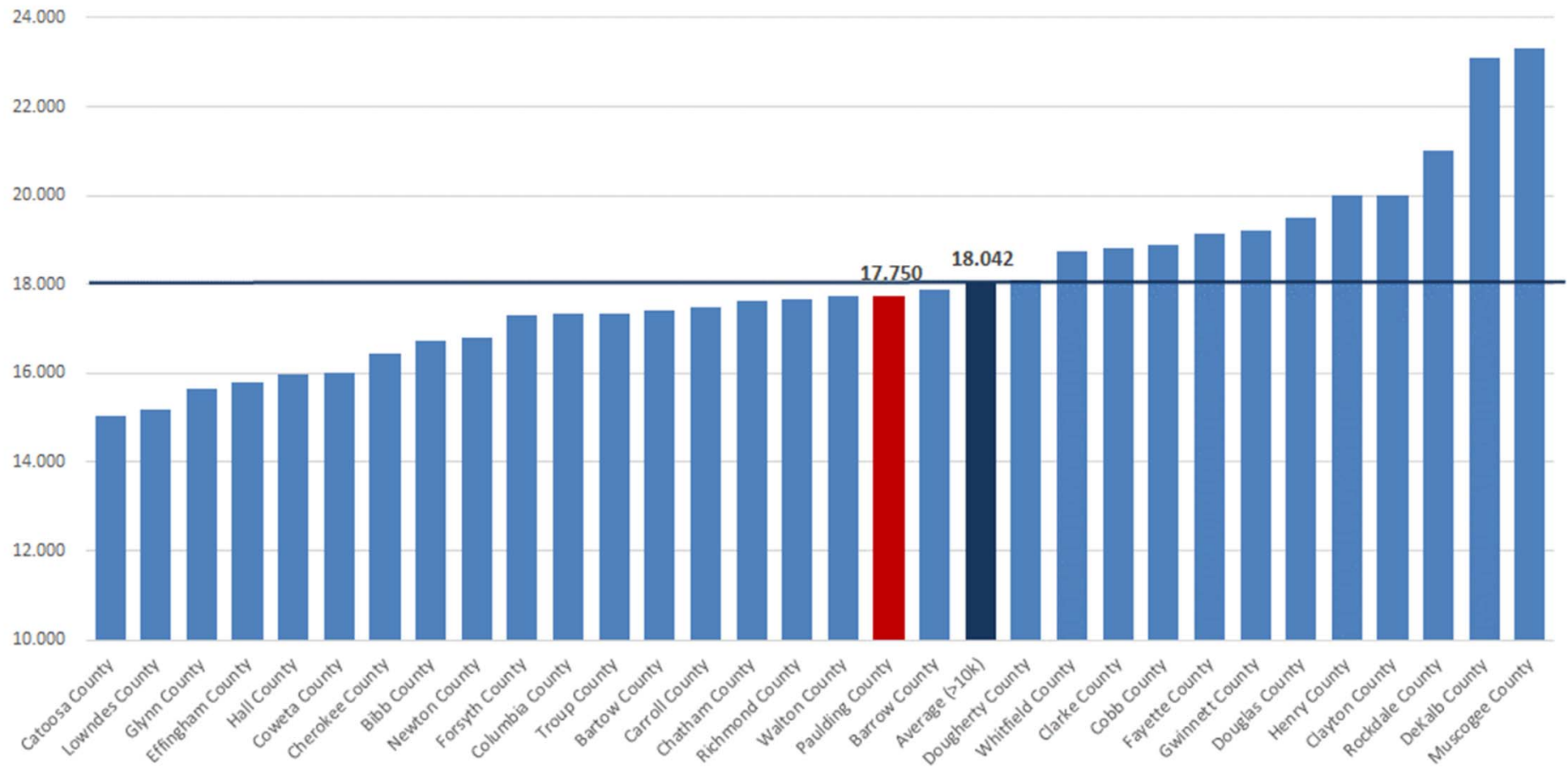


Source: GaDOE School System Revenue/Expenditures Report as of FY2022

FY2022

Per-Pupil Revenue: Local

Millage Rate Comparison (M&O), Tax Year 2022 (>10,000 FTE)



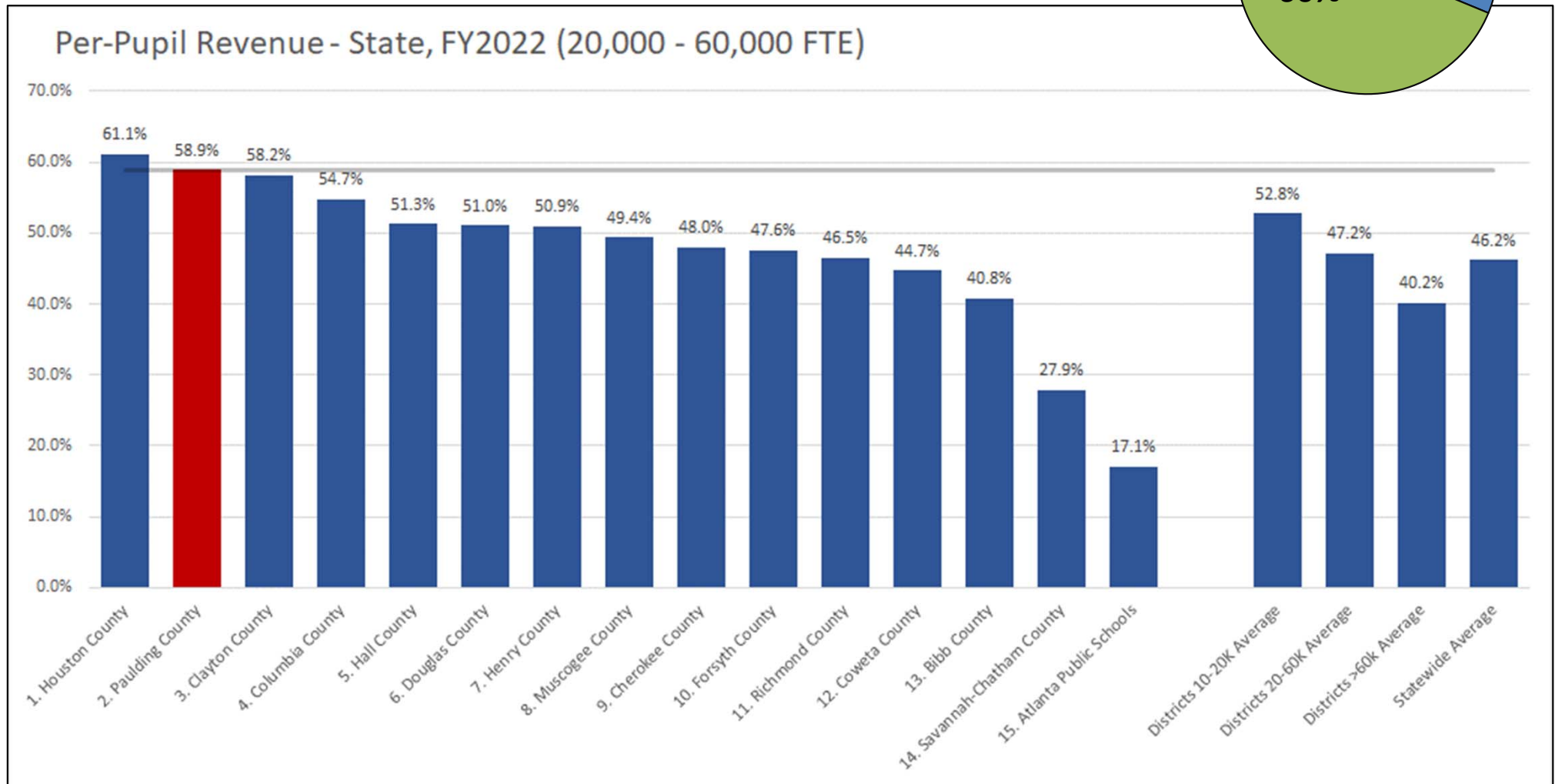
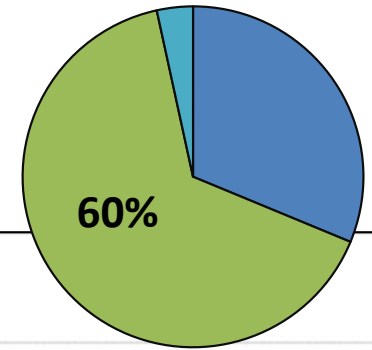
Local Revenue Metrics. Among large district, PCSD ranked lowest in non-residential digest percentage, had a lower-than-average millage rate and ranked 9th lowest in levy per FTE.

Source: GaDOR (Consolidated Tax Digest Summaries)
Large Districts are districts with >10,000 FTE

2022

Local Revenue: Property Tax

State Per-Pupil Revenue. As of FY2022, state per-pupil revenue was 58.9% of total revenue. This is higher than any comparable group, including the statewide average of 46.2%.

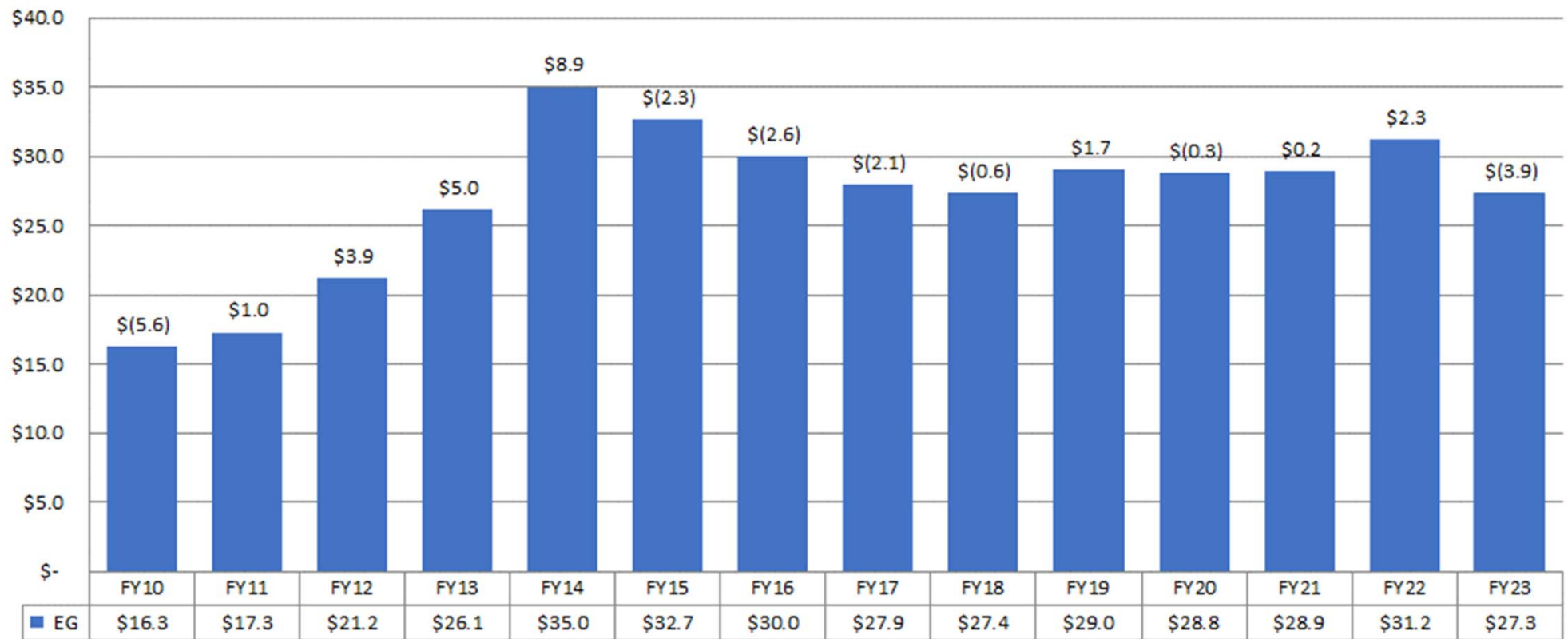


Source: GaDOE School System Revenue/Expenditures Report as of FY2022

FY2022

Per-Pupil Revenue: State

Equalization Grant, FY2010 - FY2023



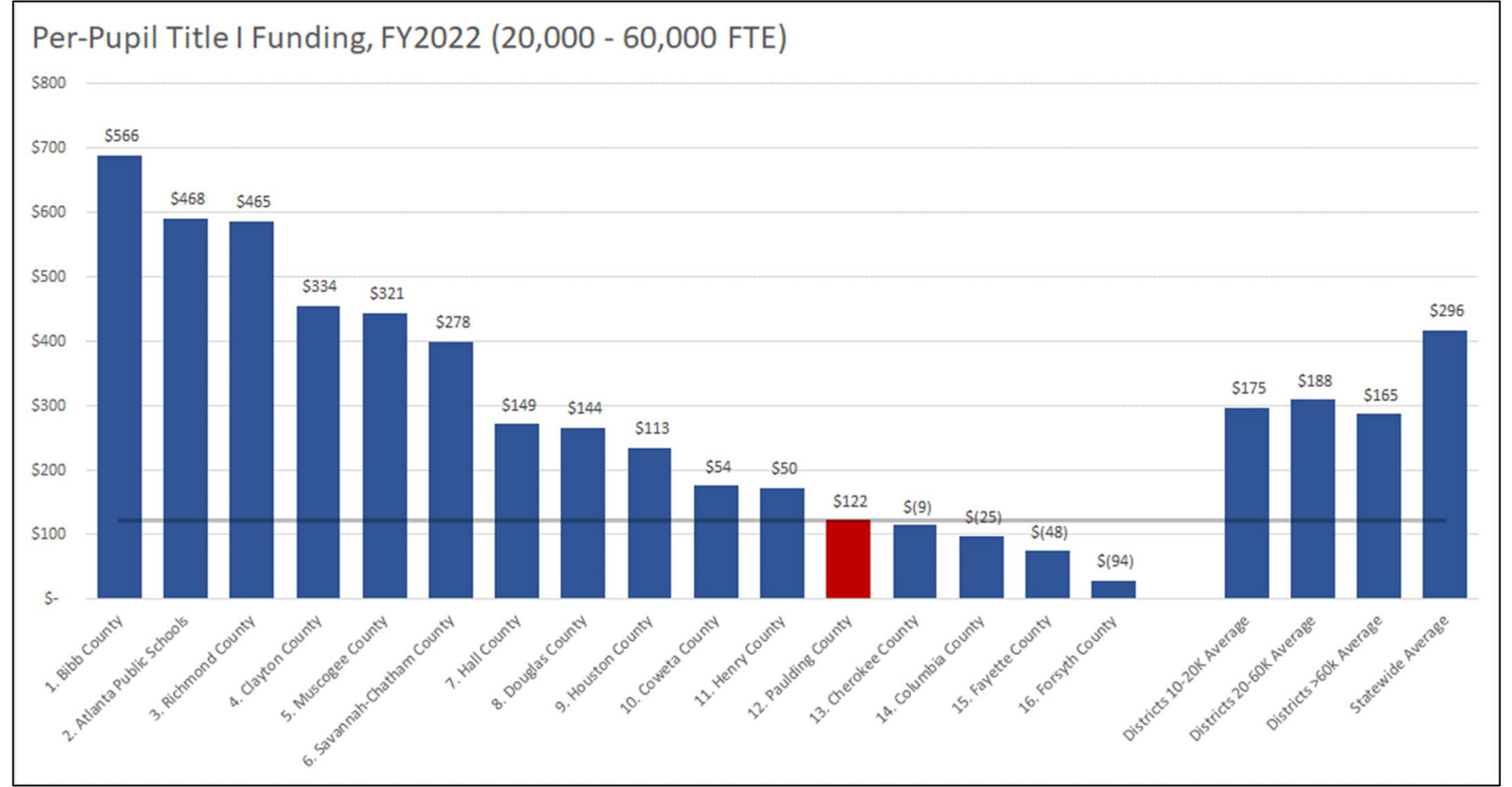
Equalization Grant. The Equalization Grant accounts for 8% of total revenue.

(millions)

FY2010 – FY2023

Equalization Grant

Per-Pupil Title I. As of FY2022 and based on overall enrollment, per-pupil Title I funding was \$122. This is lower than any comparable group, including the statewide average, which was \$296 more per-pupil. Variances to PCSD appear above the columns.

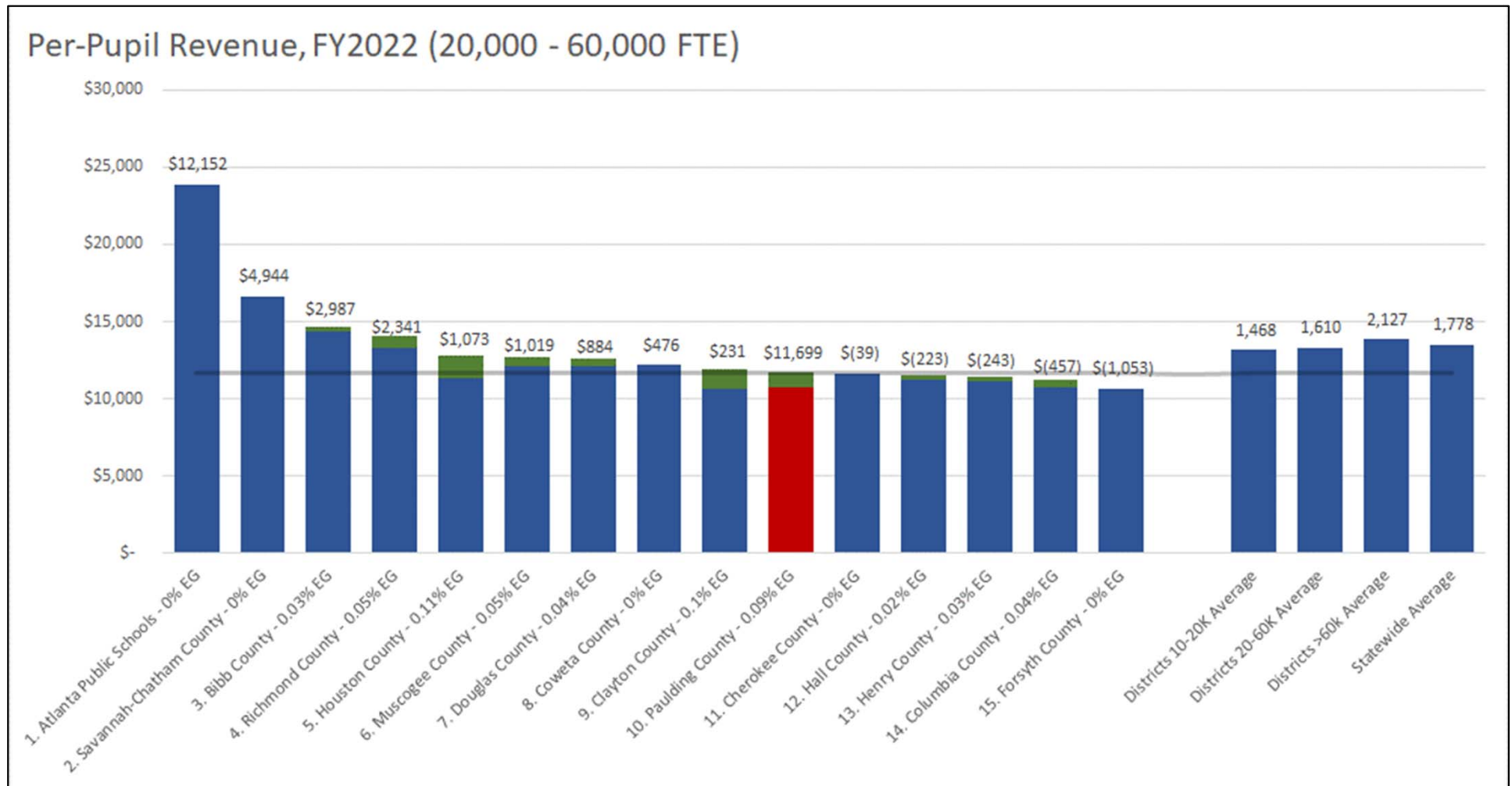


Source: GaDOE, Title I Awards

FY2022

Per-Pupil Federal Title I Funding

Total Per-Pupil Revenue. As of FY2022, total per-pupil revenue was \$11,699. Lower than any comparable group, including the statewide average, which was \$1,778 more per-pupil. Approximately, \$998 or 9.0% was funded through the Equalization Grant (green). Variances to PCSD appear above the columns.



Source: GaDOE School System Revenue/Expenditures Report as of FY2022

FY2022

Per-Pupil Revenue: All Sources



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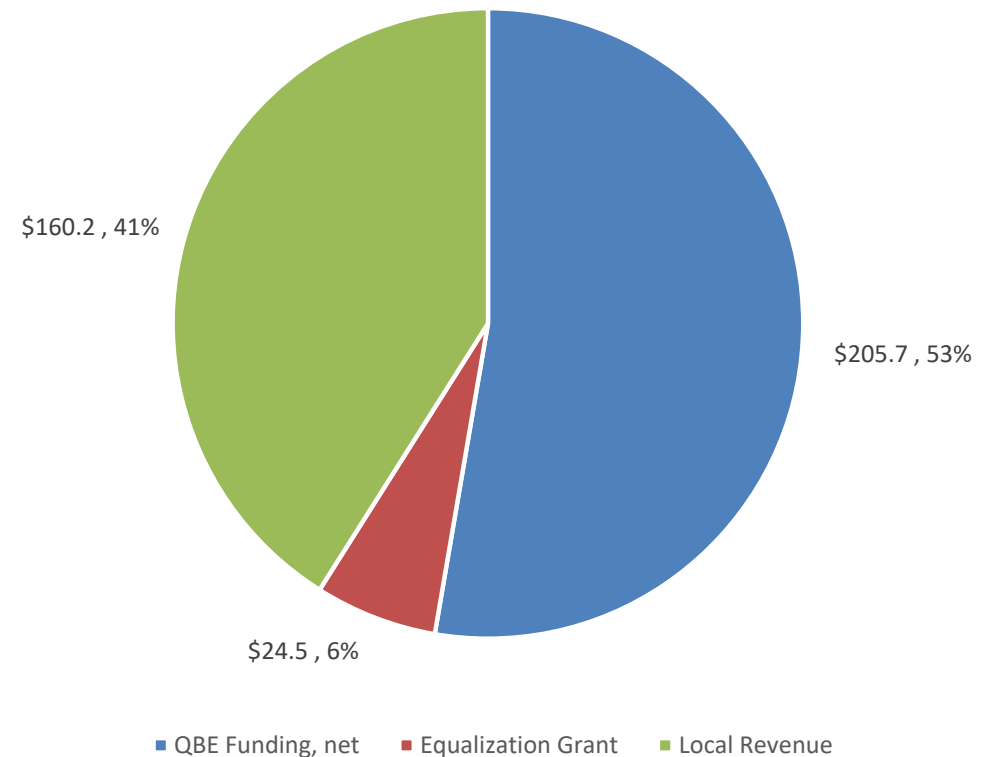
Preliminary FY2024 General Fund Revenue

	FY2023	FY2024	Change	%
(1) QBE Funding, net	\$ 183.3	\$ 205.7	\$ 22.5	12.3%
(2) Equalization Grant	27.3	24.5	(2.8)	-10.4%
(3) Local Taxes	137.4	158.1	20.6	15.0%
Other Local Revenue	1.7	2.1	0.3	19.7%
Total GF Revenue	\$ 349.8	\$ 390.4	\$ 40.6	11.6%

**Excludes Grants and Transfers to Other Funds*

Highlights

- \$390.4m Budget
- \$40.6 Increase
- \$1,110 Per-Pupil Increase
- \$24.5m Equalization Grant
- \$20.6m Increase in Local Taxes



Note: Pending GaDOE Earnings/Allotment Report

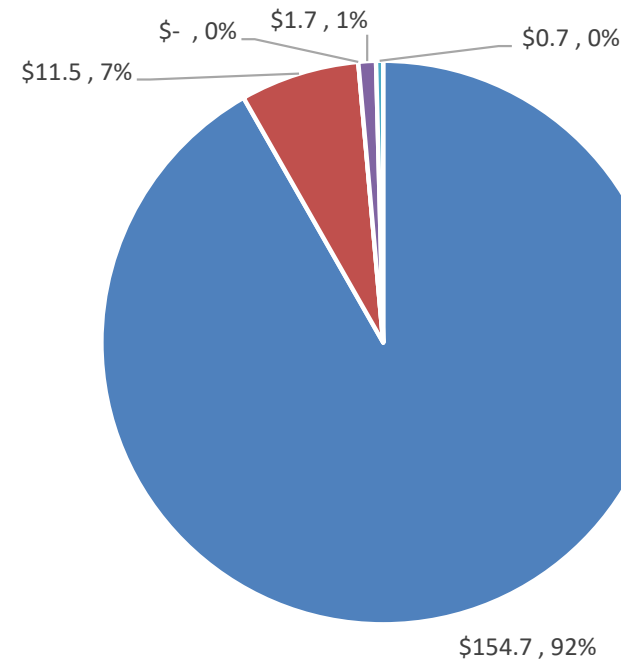
(millions)

Preliminary General Fund Revenue

	FY2023	FY2024	Change	%
Salaries (FTE/T&E)	\$ 172.34	\$ 184.9	\$ 12.6	7.3%
Operations	\$ 13.6	\$ 13.8	\$ 0.2	1.3%
LFS	\$ (25.8)	\$ (32.4)	\$ (6.6)	25.6%
Transportation	\$ 1.7	\$ 1.7	\$ -	0.0%
Nursing	\$ 0.6	\$ 0.7	\$ 0.0	7.5%
Health Insurance	\$ 20.8	\$ 37.1	\$ 16.3	78.3%
Total	\$ 183.3	\$ 205.7	\$ 22.5	12.3%

Highlights

- \$205.7m QBE and Categorical Grants, net
- -\$6.6m Increase in LFS
- \$22.5m Total Increase, net

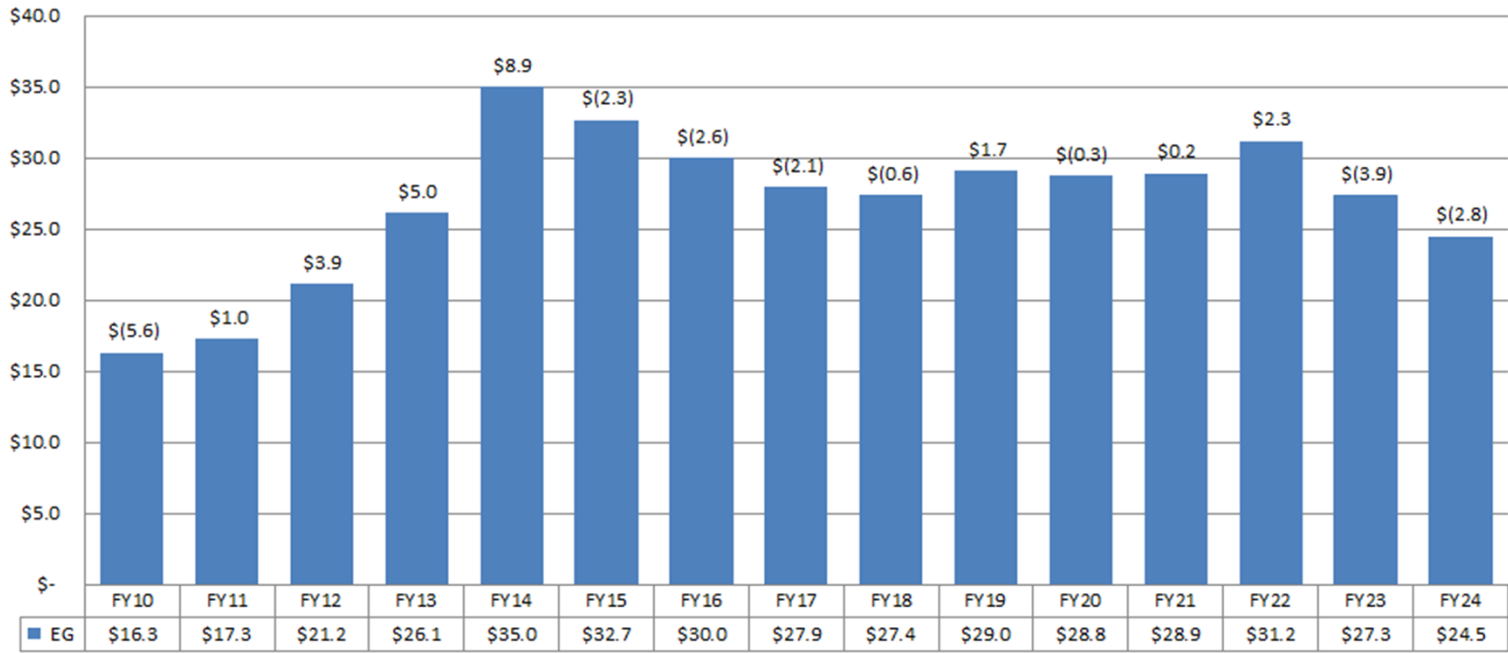


Note: Pending GaDOE Earnings/Allotment Report

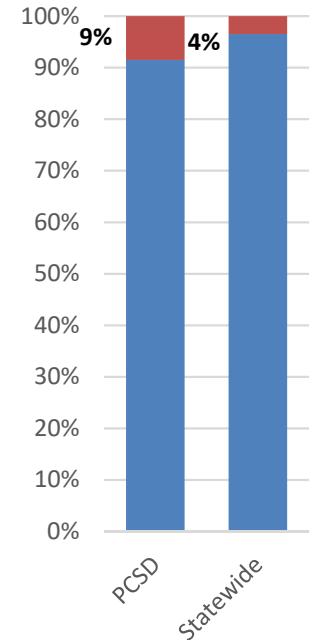
■ Salaries ■ Operations ■ Health Insurance ■ Transportation ■ Nursing (millions)

Preliminary GF Revenue: (1) QBE Funding

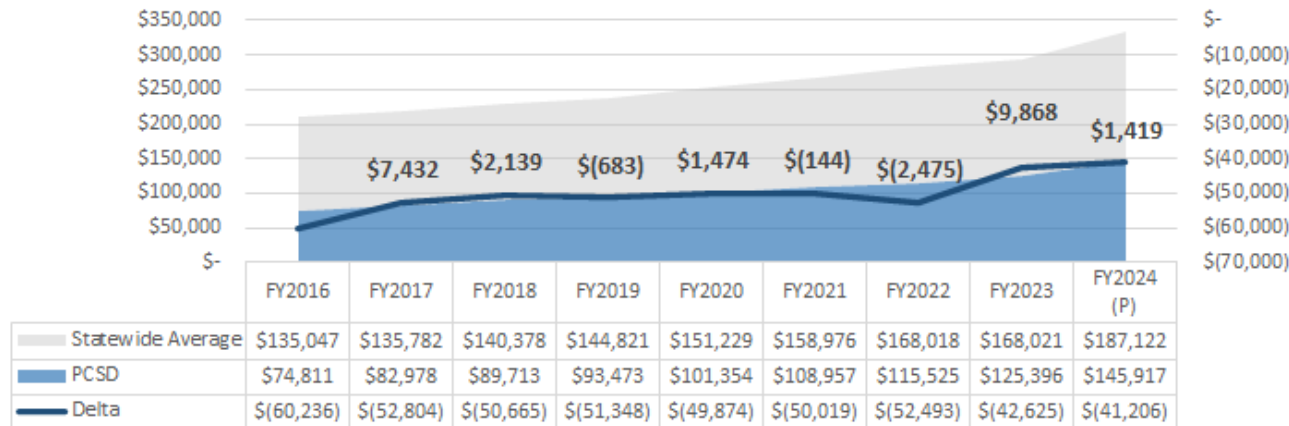
Equalization Grant, FY2010 - FY2024 (P)



FY2022 Per-Pupil EG Percentage



Historical Wealth per Weighted FTE, FY2016 - FY2024 (P)



A decreasing (unfavorable) variance between PCSD and Statewide Wealth-per-Weighted FTE will result in a grant decrease (assuming no changes in state funding)

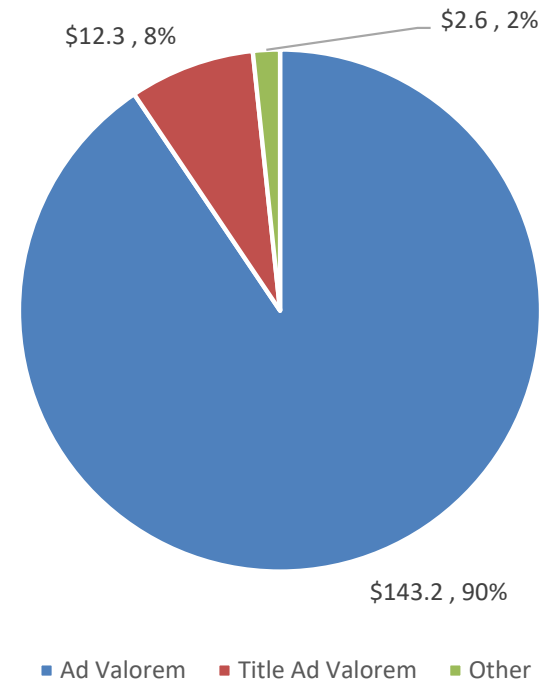
FY2010 – FY2024 (P)

(2) Equalization Grant

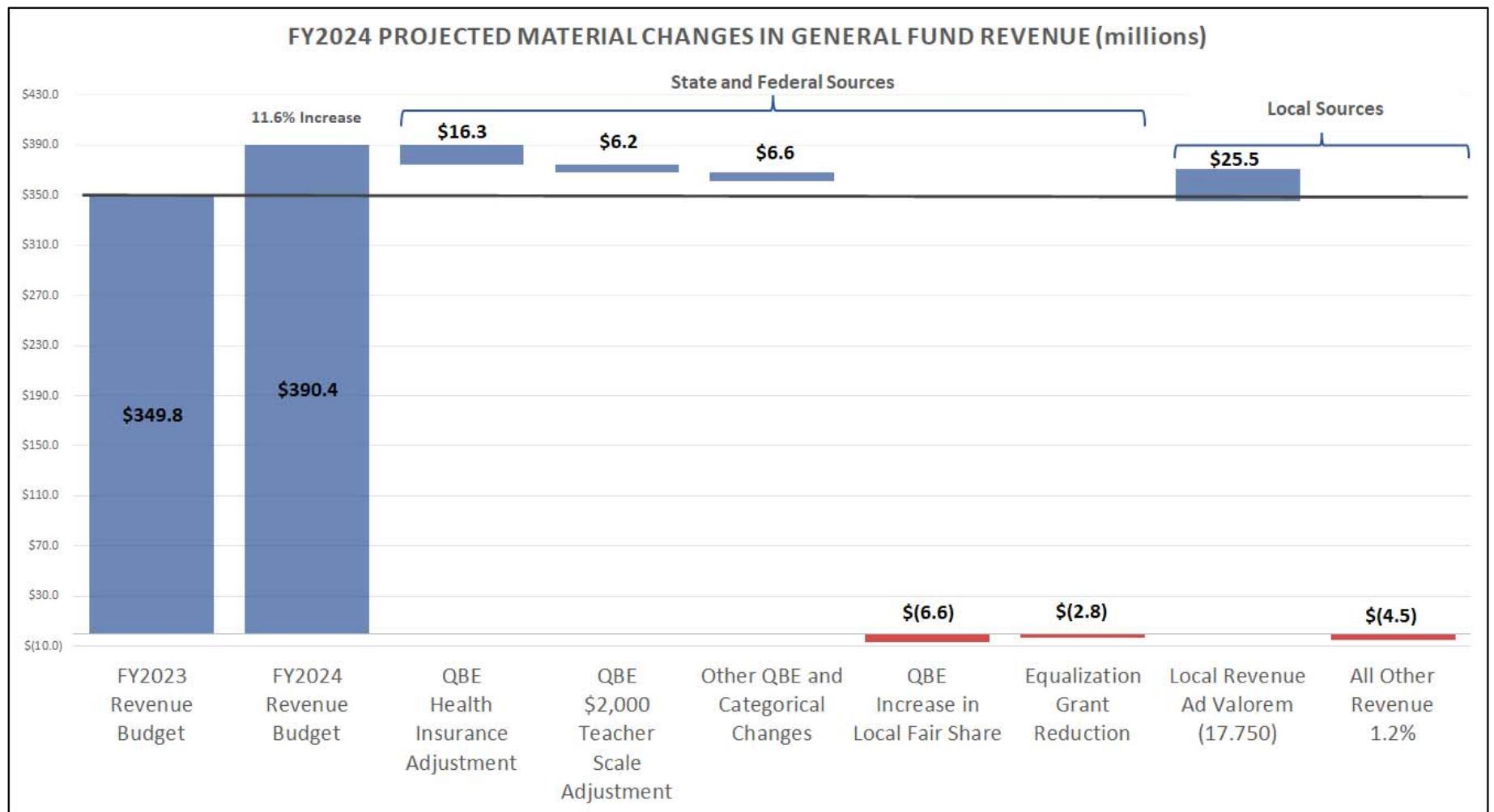
	FY2023	FY2024	Change	%
Ad Valorem	\$ 117.7	\$ 143.2	\$ 25.5	21.6%
Title Ad Valorem	\$ 13.0	\$ 12.3	\$ (0.8)	-5.8%
Other Sales Taxes	\$ 6.7	\$ 2.6	\$ (4.1)	-60.8%
Other Taxes	\$ -	\$ -	\$ -	0.0%
Total	\$ 137.4	\$ 158.1	\$ 20.6	15.0%

Highlights

- \$158.1m Budget
- \$25.5m Ad Valorem Increase
- -\$0.8m TAVT Decrease
- -\$4.1m Other Sales Tax or Recording/Intangible Tax Decrease



(millions)



Highlights

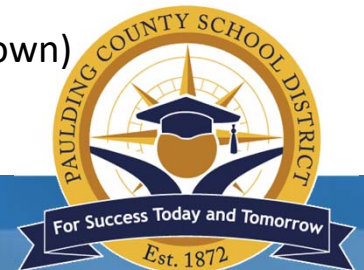
- \$40.6 million or 11.6% General Fund Revenue Increase
- Projected as of March 23rd, pending QBE and Final Digest

Note: Excludes Grants and Transfers to Other Funds

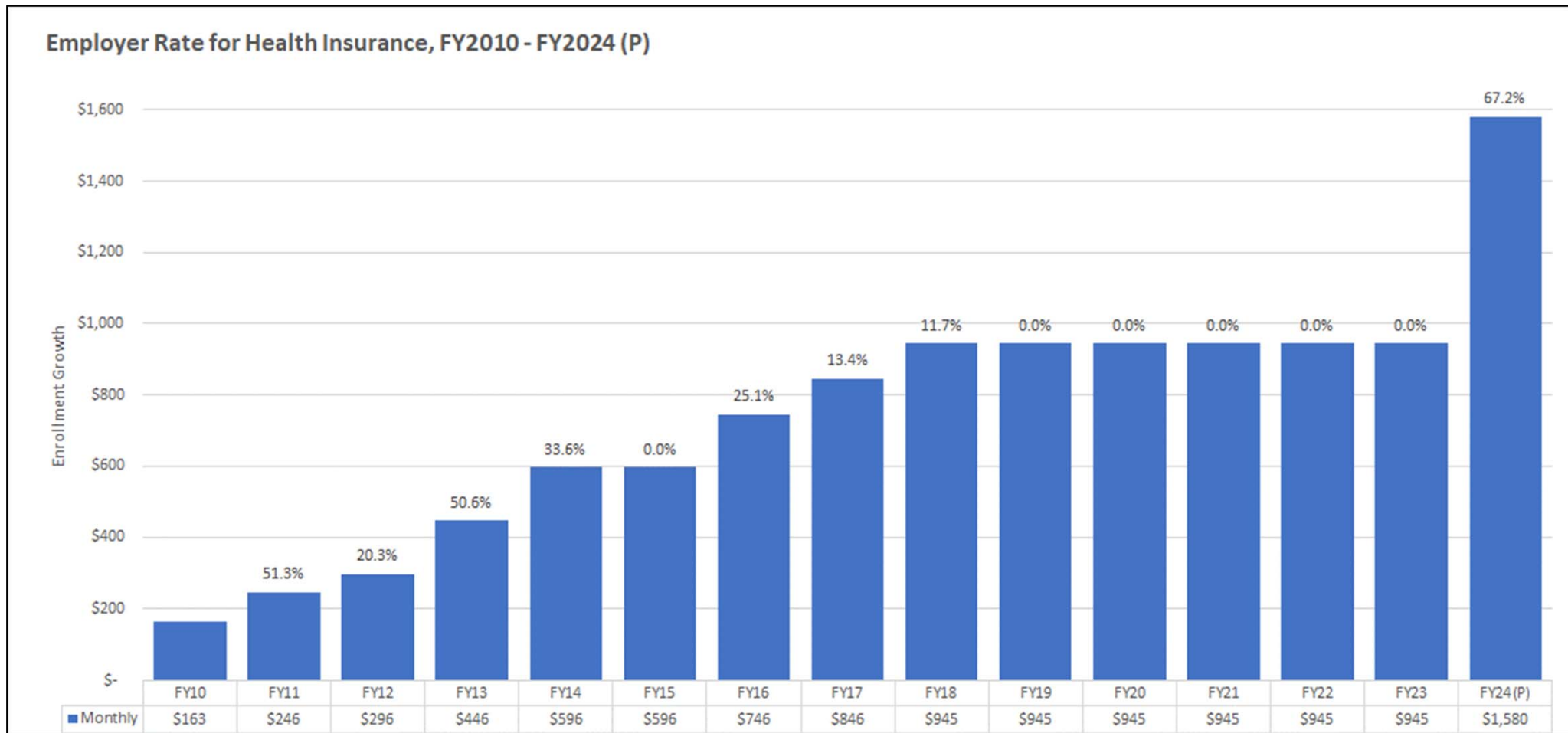
Organizational Factors Influencing Decisions: Legislative Update

With a low wealth-per-weighted FTE, the district is highly susceptible to changes in state funding, including austerity reductions, Equalization Grant funding, and changes in the Quality Basic Education (QBE) formula. In addition, other legislative actions can have a significant impact on district operations. Potential legislation that could impact the FY2024 budget include, but are not limited to, the following (as of March 9, 2023).

- \$2,000 raise for QBE funded *certified staff* (QBE does not fund all certified positions or classified positions)
- Extraordinary increase to State Health Benefit Plan employer cost, with a two-year phase-in for classified employee (ultimately a 67% increase)
- Increase in QBE funding for SHBP increase for *certified staff* (QBE does not fund all certified positions)
- \$1,000 increase for bus drivers, school nurses and nutrition workers
- QBE funding for 1:450 counselor ratio (QBE does not reflex the true cost of a counselor)
- School Safety and Security
- Special education funding, with pending modifications to GNETS funding
- Potential changes to capital project funding for low wealth districts (impact to PCSD is unknown)



Health Insurance. FY2024 State Health Benefit Plan employer cost is expected to increase 67.2% to \$1,580 per month. QBE funding is increasing for certified employees but there will be a two-year phase-in for classified employees.

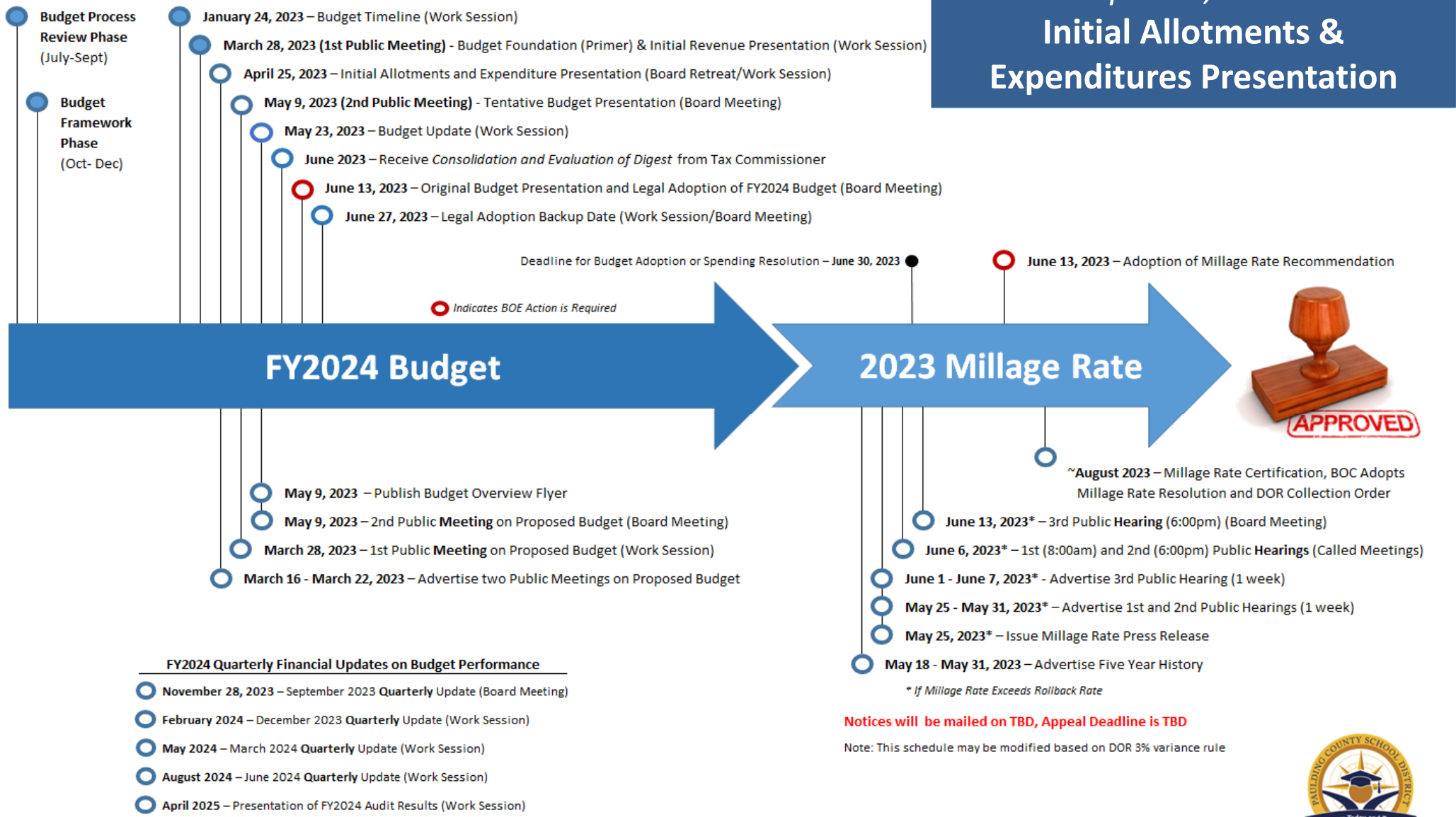


FY2010 – FY2024(P)

Health Insurance

FY2024 Budget Development - Major Milestones

April 25, 2023
Initial Allotments & Expenditures Presentation



FY2024 Public Meetings and Hearings, Press Releases, Advertisements and Notices



FY2024 Budget Roadmap



Engage. Inspire. Prepare.

Thank You