

FY2021 Budget Update



Engage. Inspire. Prepare.

Agenda

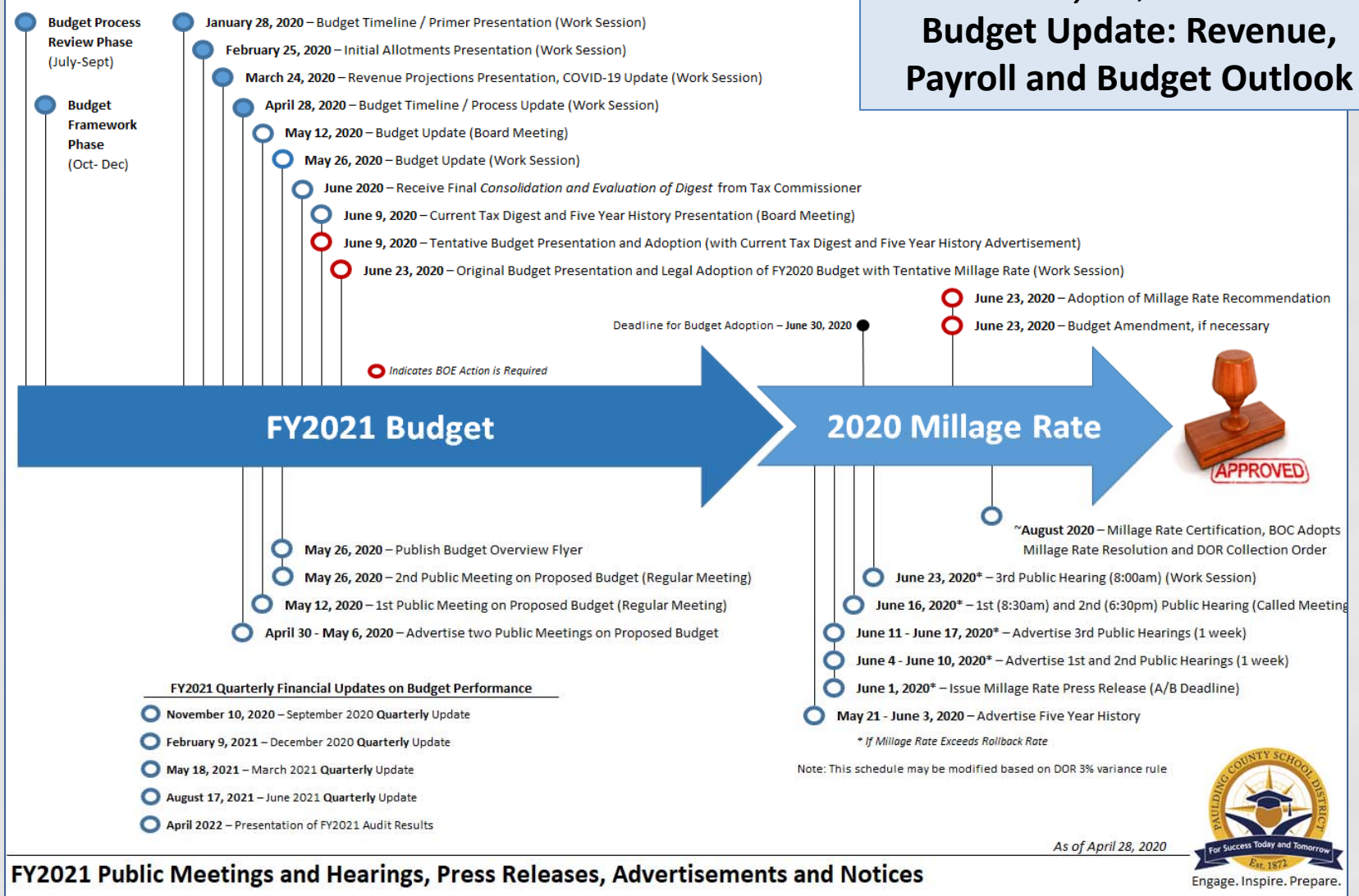
1. Budget Timeline
2. Revenue Update
3. Expenditure Update
4. Tax Digest & 5-Year History

Appendix

Information contained in this presentation is current as of May 12, 2020 but is subject change.



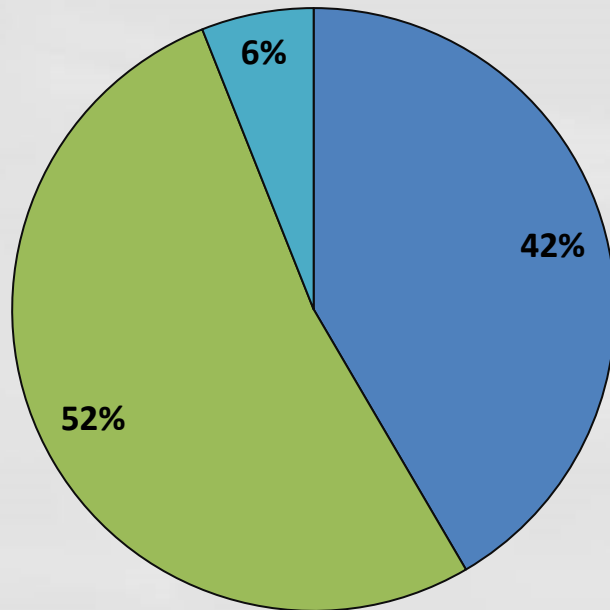
FY2021 Budget Development - Major Milestones



FY2021 Budget Approval Timeline

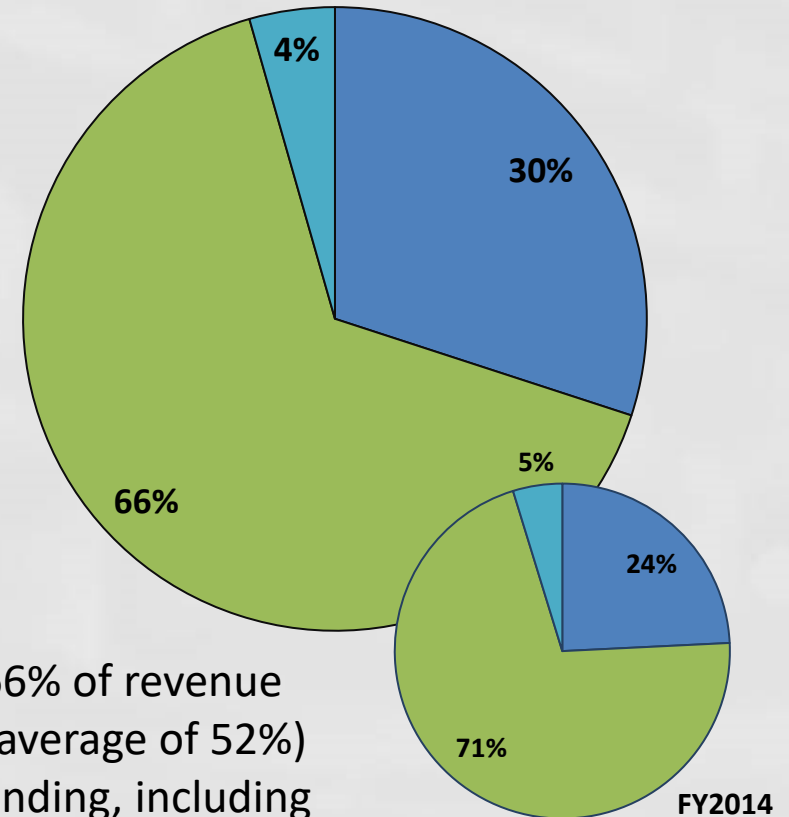
FY2019 Statewide Revenue Sources

Local Revenue State Revenue Federal Revenue



FY2019 PCSD Revenue Sources

Local Revenue State Revenue Federal Revenue



Dependency on State Sources. With approximately 66% of revenue coming from state sources (compared to a statewide average of 52%) 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 FY2019

FY2021 State Budget Outlook

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 must submit proposed budgets by May 20th. No agency is exempt - including the Department of Education. Over 90% of state funding for GaDOE is directed to the Quality Basic Education (QBE) formula and the Equalization Program.

Highlights from May 7, 2020 House and Senate Appropriations Committee Meeting

April Comparative Summary of General Fund Receipts:

- -\$1 billion or -36% decline in State Receipts
 - ✓ -\$951 million or -50% in Income Tax revenue (new deadline July 15th)
 - ✓ -82 million or -14% decline in Sales Tax collection
 - ✓ -\$23 million or -31% decline in Title Ad Valorem Tax
 - ✓ \$9 million or 26% increase in Tobacco and Alcohol Taxes
- Does not reflect a full month impact of COVID-19
- US auto sales likely to decline 52% in April (full)
- Consumer sentiment key indicator for recovery forecasting

Kelly Farr, OPB Director

Dr. Jeffery Dorfman, State Fiscal Economist

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 12th largest district in Georgia, PCSD educates 1.8% of statewide FTEs
- As a low wealth district, PCSD ranks 4th in equalization and 168th 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.

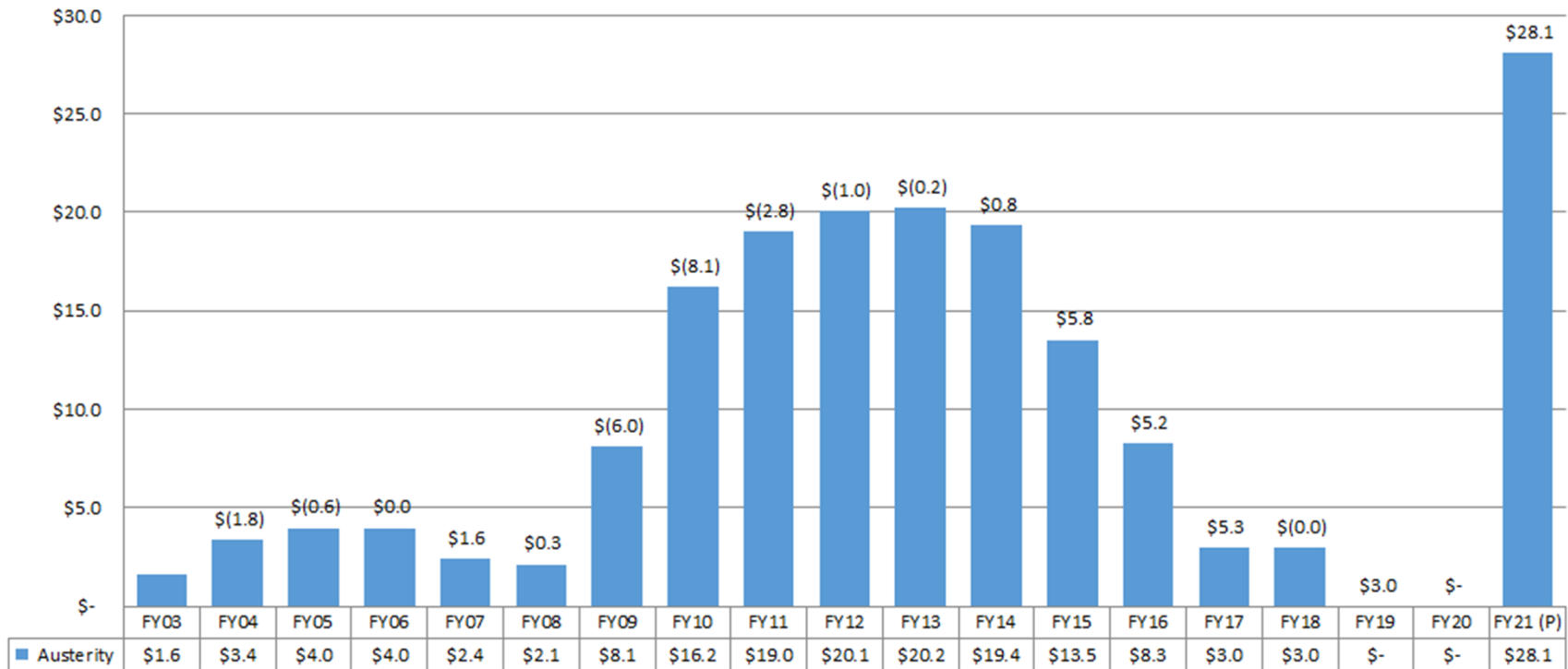
The *Equalization Grant* is intended to reduce funding inequalities between high and low property wealth districts. A reduction in grant funding will disproportionately harm districts with lower wealth per weighted FTE, like Paulding County School District..

A 14% austerity cut to the *Equalization Grant* would equal a reduction in funding of over \$4 million (based on FY20 allocations).

Other items to consider:

- PCSD remains below pre-recession levels, adjusted for growth and inflation
- PCSD is heavily dependent on state funding – approximately 2/3 of our revenue comes from state sources
- The *Equalization Grant* is critical to the operation of PCSD – representing approximately 10% of total general fund revenue
- A 14% across-the-board austerity reduction would result in a \$28 million reduction in funding

Historical Austerity Reductions (millions)



Note: Projections as of 5.8.20 unless otherwise noted

State Revenue: Austerity Reduction

| General Fund Revenue | FY20 Budget | FY21 Budget Scenarios | | | Long-term Budget Outlook | | | | |
|---|-----------------|-----------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | | Model A | Model B | Model C | FY22 | FY23 | FY24 | FY25 | FY26 |
| State Funding: | | 6.0% | 10.0% | 14.0% | 12.6% | 11.9% | 11.2% | 10.5% | 9.1% |
| QBE & Categorical Funding, net | \$ 172.2 | \$ 171.8 | \$ 171.8 | \$ 171.8 | \$ 175.3 | \$ 178.8 | \$ 182.4 | \$ 186.0 | \$ 189.7 |
| Austerity Reduction | - | (10.3) | (17.2) | (28.1) | (22.1) | (21.3) | (20.4) | (19.5) | (17.3) |
| Equalization Grant | 28.8 | 28.8 | 28.8 | 28.8 | 28.0 | 29.0 | 30.0 | 29.0 | 28.0 |
| Total State Funding | \$ 201.0 | \$ 190.3 | \$ 183.5 | \$ 172.6 | \$ 181.2 | \$ 186.5 | \$ 191.9 | \$ 195.5 | \$ 200.5 |
| Change | | \$ (10.6) | \$ (17.5) | \$ (28.4) | | | | | |
| % Change | | -5.3% | -8.7% | -14.1% | | | | | |
| Local Revenue: | | 18.750 | 18.750 | 18.750 | | | | | |
| Ad Valorem | \$ 81.9 | \$ 88.3 | \$ 88.3 | \$ 88.3 | \$ 70.6 | \$ 75.0 | \$ 79.5 | \$ 82.1 | \$ 84.8 |
| TAVT | 9.3 | 7.9 | 7.1 | 7.1 | 6.4 | 6.4 | 6.6 | 6.8 | 7.1 |
| Other Sales Taxes | 2.5 | 3.0 | 2.7 | 2.7 | 2.2 | 2.3 | 2.4 | 2.5 | 2.6 |
| Other Local Revenue | 2.2 | 2.0 | 1.8 | 1.8 | 1.6 | 1.6 | 1.7 | 1.7 | 1.8 |
| Total Local Funding | \$ 96.1 | \$ 101.2 | \$ 99.9 | \$ 99.9 | \$ 80.8 | \$ 85.3 | \$ 90.2 | \$ 93.2 | \$ 96.2 |
| Change | | \$ 5.2 | \$ 3.8 | \$ 3.8 | | | | | |
| % Change | | 5.4% | 4.0% | 4.0% | | | | | |
| Total GF Revenue | \$ 297.0 | \$ 291.5 | \$ 283.3 | \$ 272.4 | \$ 262.0 | \$ 271.9 | \$ 282.1 | \$ 288.6 | \$ 296.7 |
| Change | | \$ (5.5) | \$ (13.7) | \$ (24.6) | \$ (35.0) | \$ (25.2) | \$ (14.9) | \$ (8.4) | \$ (0.3) |
| % Change | | -1.8% | -4.6% | -8.3% | -11.8% | -8.5% | -5.0% | -2.8% | -0.1% |
| FTE Count (October) | 30,226 | 30,711 | 30,711 | 30,711 | 31,172 | 31,639 | 32,114 | 32,596 | 33,084 |
| Per-Pupil | \$ 9,826 | \$ 9,493 | \$ 9,226 | \$ 8,871 | \$ 8,405 | \$ 8,592 | \$ 8,784 | \$ 8,855 | \$ 8,968 |
| \$ Change | | \$ (334) | \$ (601) | \$ (956) | \$ (1,422) | \$ (1,234) | \$ (1,042) | \$ (971) | \$ (858) |
| % Change | | -3.4% | -6.1% | -9.7% | -14.5% | -12.6% | -10.6% | -9.9% | -8.7% |
| * Excludes Grants and Interfund Transfers | | Best | Mid | Target | | | | | |

- Model A (Best) -\$5.5m Decline or -\$334 PP
- Model B (Mid) -\$13.7m Decline or -\$601 PP
- Model C (Target) -\$24.6m Decline or -956 PP

- Model C (Worst) -\$30.6m Decline or -\$1,152 PP
- **Long-term outlook is difficult to predict at this point, planning for further declines in funding and a protracted recovery**

Note: Projections as of 5.8.20 unless otherwise noted

FY2021 Revenue Projections

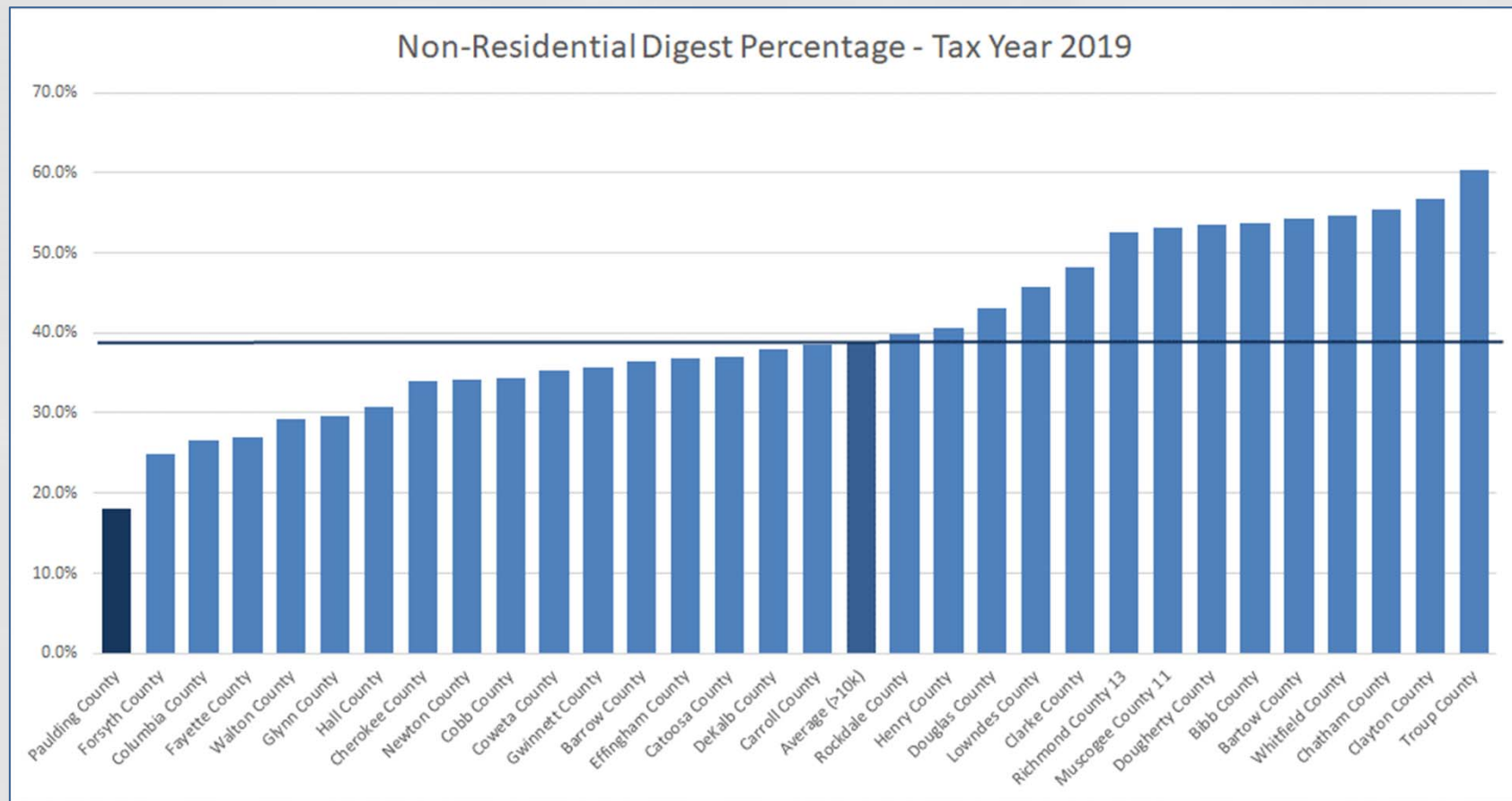
| General Fund Revenue | FY20 Budget | FY21 Budget Scenarios | | |
|---|-----------------|-----------------------|-----------------|-----------------|
| | | Model A | Model B | Model C |
| State Funding: | | 6.0% | 10.0% | 14.0% |
| QBE & Categorical Funding, net | \$ 172.2 | \$ 171.8 | \$ 171.8 | \$ 171.8 |
| Austerity Reduction | - | (10.3) | (17.2) | (28.1) |
| Equalization Grant | 28.8 | 28.8 | 28.8 | 28.8 |
| Total State Funding | \$ 201.0 | \$ 190.3 | \$ 183.5 | \$ 172.6 |
| Change | | \$ (10.6) | \$ (17.5) | \$ (28.4) |
| % Change | | -5.3% | -8.7% | -14.1% |
| Local Revenue: | | 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 |
| Total Local Funding | \$ 96.1 | \$ 101.2 | \$ 99.9 | \$ 99.9 |
| Change | | \$ 5.2 | \$ 3.8 | \$ 3.8 |
| % Change | | 5.4% | 4.0% | 4.0% |
| Total GF Revenue | \$ 297.0 | \$ 291.5 | \$ 283.3 | \$ 272.4 |
| 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 |
| Per-Pupil | \$ 9,826 | \$ 9,493 | \$ 9,226 | \$ 8,871 |
| \$ Change | | \$ (334) | \$ (601) | \$ (956) |
| % Change | | -3.4% | -6.1% | -9.7% |
| * Excludes Grants and Interfund Transfers | | Best | Mid | Target |

Model C (Target):

- -\$24.1m QBE & Categorical Funding Austerity Cut (14%)
- -\$4.0m Austerity Reduction in Equalization Grant (14%)
- \$6.4m Ad Valorem Increase
- Anticipate Digest Impact in FY22
- \$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
- Impact on other Grants

Note: Projections as of 5.8.20 unless otherwise noted

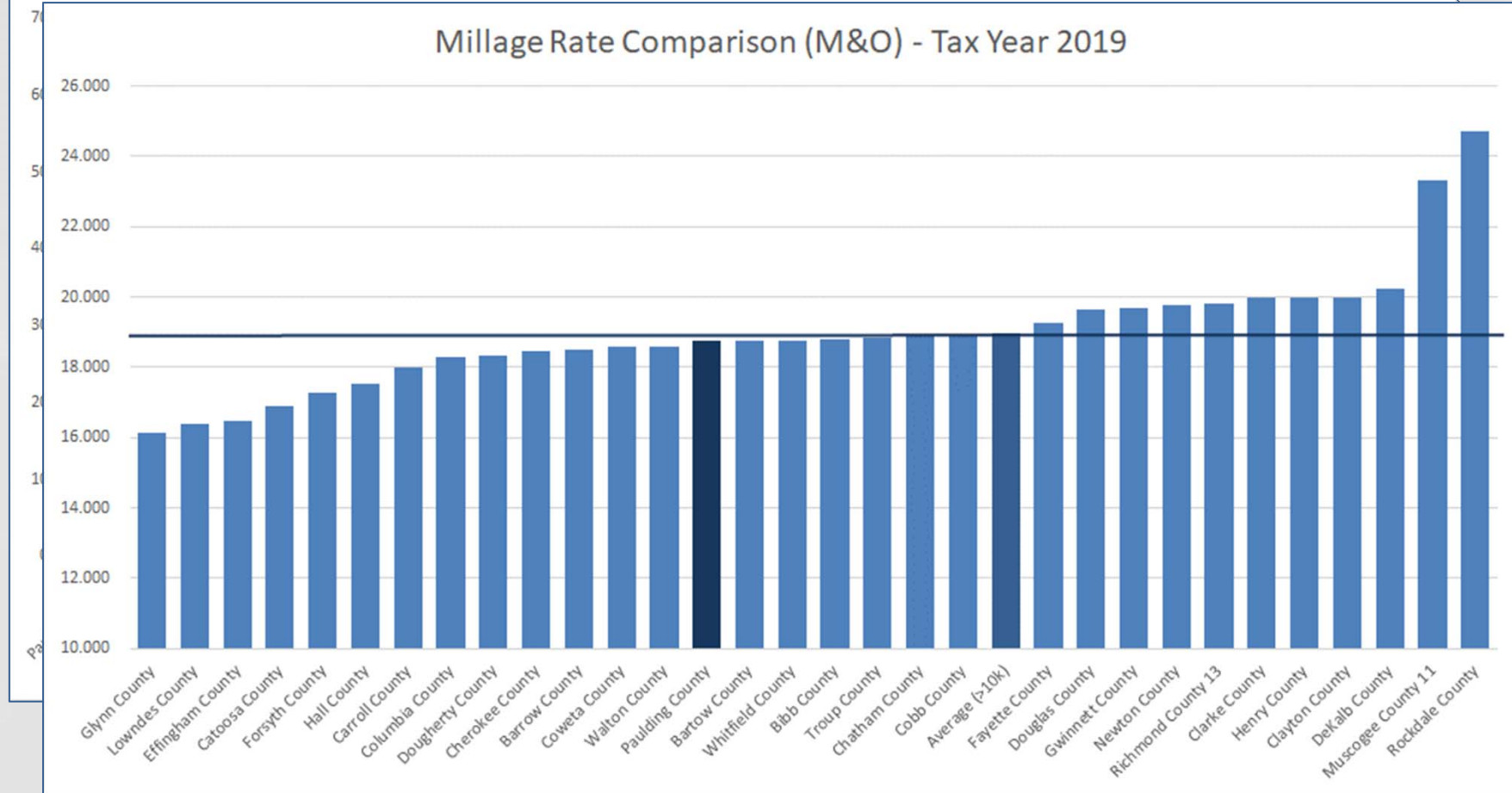
FY2021 Revenue Projections



Note: Projections as of 5.8.20 unless otherwise noted

Non-Residential Digest Percentage - Tax Year 2019

Millage Rate Comparison (M&O) - Tax Year 2019



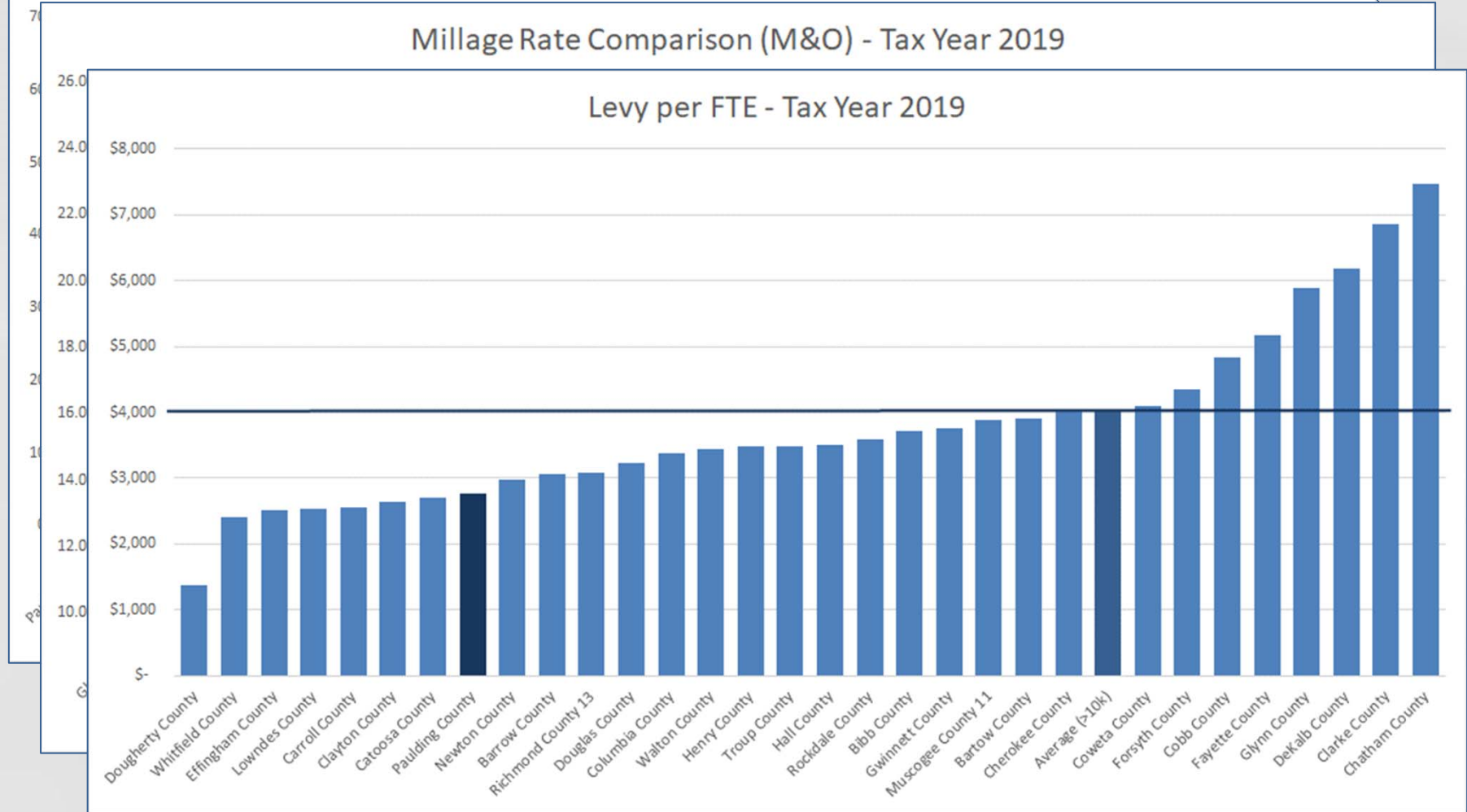
Note: Projections as of 5.8.20 unless otherwise noted

Local Revenue: Property Tax

Non-Residential Digest Percentage - Tax Year 2019

Millage Rate Comparison (M&O) - Tax Year 2019

Levy per FTE - Tax Year 2019



Note: Projections as of 5.8.20 unless otherwise noted

Local Revenue: Property Tax

| General Fund Expenditures | FY20 Budget | FY21 Budget Scenarios | | |
|-----------------------------------|-------------|-----------------------|-----------|-----------|
| | | Model A | Model B | Model C |
| Salaries & Benefits: | | | | |
| 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) |
| Total Salaries & Benefits | \$ 259.8 | \$ 263.8 | \$ 263.8 | \$ 263.8 |
| Other Operating Expenditures | \$ 37.2 | \$ 39.0 | \$ 39.0 | \$ 39.0 |
| Total Expenditures | \$ 297.0 | \$ 302.8 | \$ 302.8 | \$ 302.8 |
| Revenue Over/(Under) Expend | \$ 0.0 | \$ (11.3) | \$ (19.5) | \$ (30.4) |
| Deficit Mitigation: | | | | |
| CARES Act Funding | | 3.0 | 3.0 | 3.0 |
| Class Size Maintenance Adjustment | | 2.4 | 2.4 | 2.4 |
| Assumption Maintenance Adjustment | | | 0.6 | 0.6 |
| ESEP Allotment Changes Adjustment | | 1.2 | 2.4 | 2.4 |
| Reduction in Other Operating | | 1.0 | 4.0 | 8.0 |
| Total Expenditures (Adjusted) | \$ 297.0 | \$ 295.3 | \$ 290.5 | \$ 286.5 |
| Revenue Over/(Under) Expend | \$ 0.0 | \$ (3.7) | \$ (7.2) | \$ (14.1) |
| | | Best | Mid | Target |

Model C (Target):

- \$4.0m or 1.6% increase in Salaries & Wages
- \$1.8m or 4.8% increase in Other Operating Expenditures
- -\$30.4m Revenue Over/(Under Expenditures)

Possible Deficit Mitigation:

- CARE Act Fund – One Time
- 1 FTE Class Size Adjustment
- Critical Allotment Changes
- Other Operating Expend. Adjustments, including:
 - ✓ Strategic Cuts/Delays
 - ✓ SPLOST Transfers

Note: Projections as of 5.8.20 unless otherwise noted

FY2021 Expenditure Projections

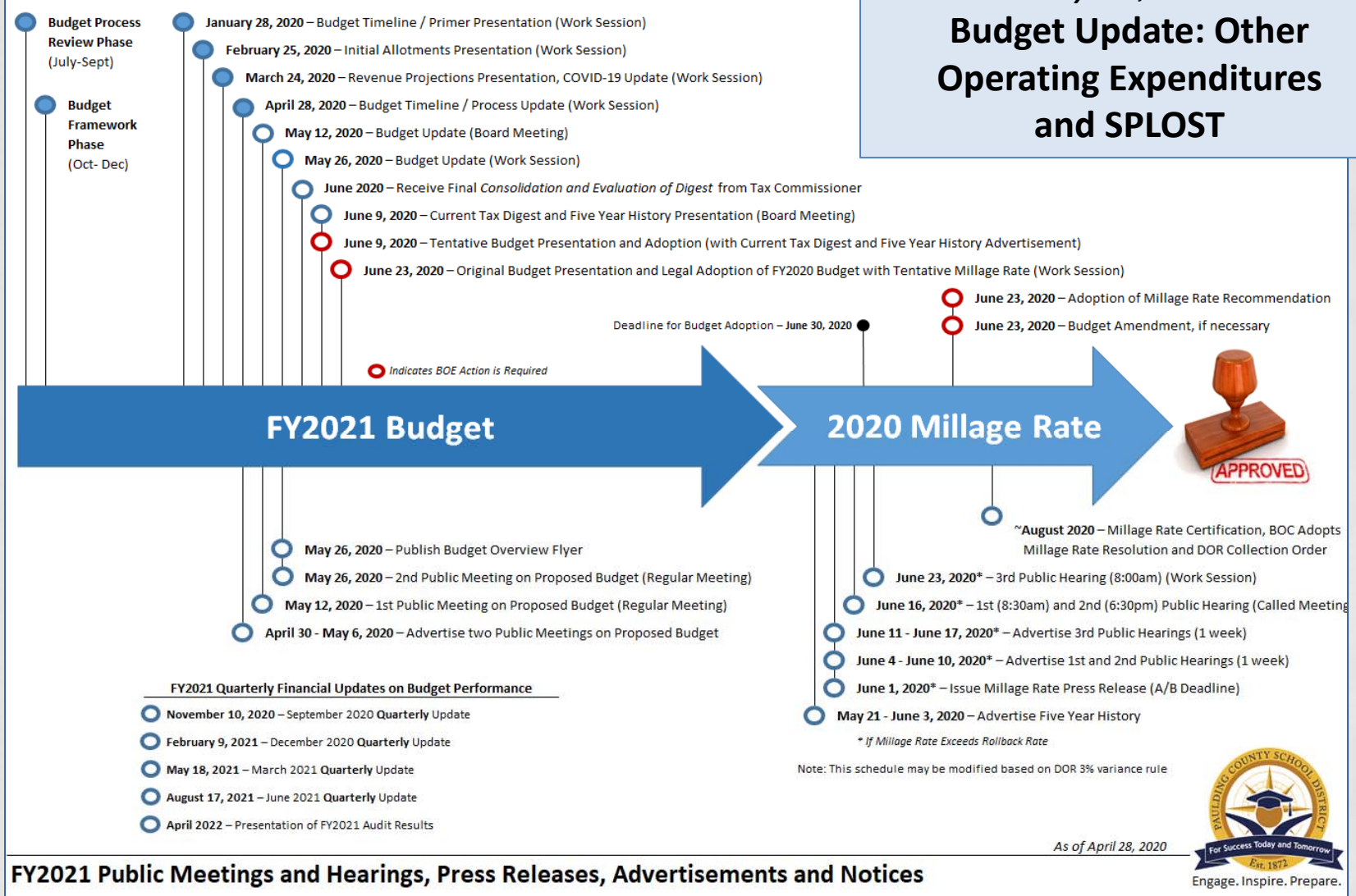
Paulding County Board of Education
CURRENT 2020 TAX DIGEST AND FIVE YEAR HISTORY OF LEVY

The Paulding County Board of Education does hereby announce that the millage rate will be established at a meeting to be held at the Paulding County Board of Education Board Room on June 23, 2020 at 8:30 AM EST and pursuant to the requirements of O.C.G.A 48.5.32, do hereby publish the following presentation of the current year's tax digest and levy, along with the history of the tax digest and levy for the past five years.

| County School | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Real & Personal Ad Valorem | \$ 3,566,536,251 | \$ 3,843,751,629 | \$ 4,267,812,331 | \$ 4,695,351,018 | \$ 5,197,039,026 | \$ 5,676,817,917 |
| Motor Vehicle Ad Valorem | 197,077,380 | 147,754,190 | 109,114,430 | 84,458,480 | 69,422,580 | 31,621,130 |
| Mobile Home Ad Valorem | 1,951,153 | 1,862,849 | 1,781,714 | 1,646,786 | 1,644,067 | 1,632,921 |
| Timber Ad Valorem (100%) | 292,950 | 324,868 | 1,068,015 | 501,435 | 208,158 | 5,360 |
| Heavy Duty Equipment | 58,443 | 153,533 | 942,267 | 133,553 | 49,891 | 163,857 |
| Gross Digest | 3,765,916,177 | 3,993,847,069 | 4,380,718,757 | 4,782,091,272 | 5,268,363,722 | 5,710,241,185 |
| Less M&O Exemptions | (511,439,573) | (563,602,175) | (626,135,711) | (698,086,901) | (797,100,194) | (890,264,080) |
| Net Digest | 3,254,476,604 | 3,430,244,894 | 3,754,583,046 | 4,084,004,371 | 4,471,263,528 | 4,819,977,105 |
| Gross M&O Millage Rate | 18.879% | 18.879% | 18.879% | 18.879% | 18.750% | 18.750% |
| Less Millage Rate Rollbacks | | | | | | |
| Net M&O Millage Rate | 18.879% | 18.879% | 18.879% | 18.879% | 18.750% | 18.750% |
| Net Taxes Levied | \$ 61,441,264 | \$ 64,759,593 | \$ 70,882,773 | \$ 77,101,919 | \$ 83,836,191 | \$ 90,374,571 |
| Net Taxes \$ Increase | \$ 5,441,085 | \$ 3,318,330 | \$ 6,123,180 | \$ 6,219,145 | \$ 6,734,273 | \$ 6,538,380 |
| Net Taxes % Increase | 9.7% | 5.4% | 9.5% | 8.8% | 8.7% | 7.8% |

Note: M&O is Maintenance and Operations. In 2020, Forest Land Protection Act (FLPA) was removed from the Current 2019 Tax Digest and Five Year History of the Levy. 2020 Net Taxes Levied reflects 18.750, pending Paulding County Board of Education adoption of 2020 Millage Rate.

FY2021 Budget Development - Major Milestones



FY2021 Budget Approval Timeline



Engage. Inspire. Prepare.

Thank You

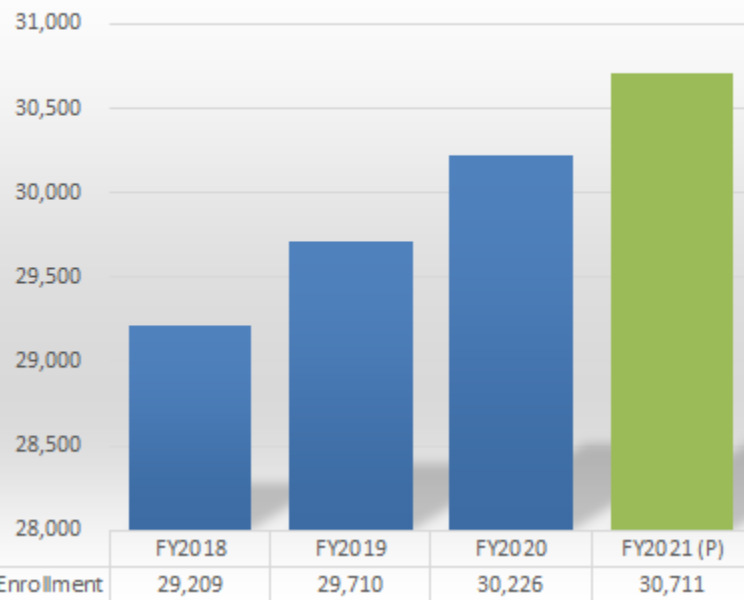
For Budget Ideas and Feedback
Visit our Website (Budget Feedback)



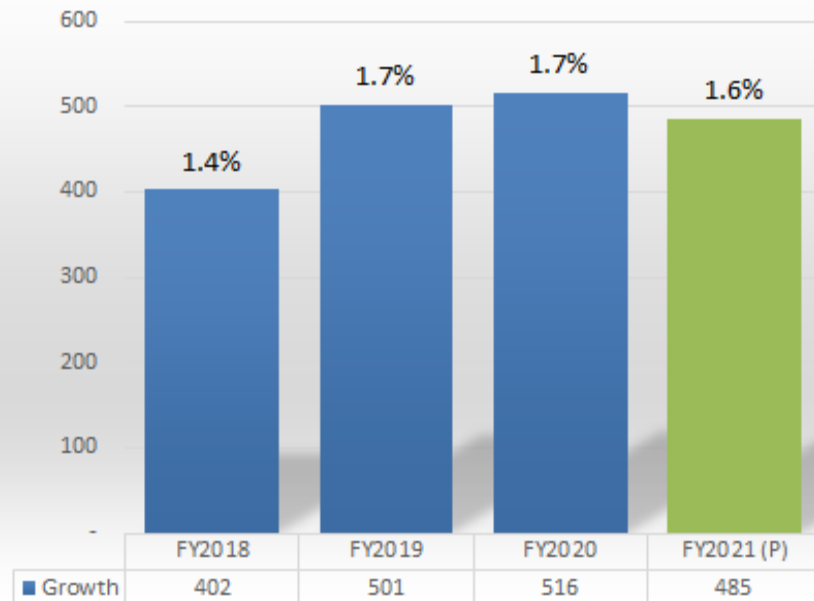
Engage. Inspire. Prepare.

Appendix

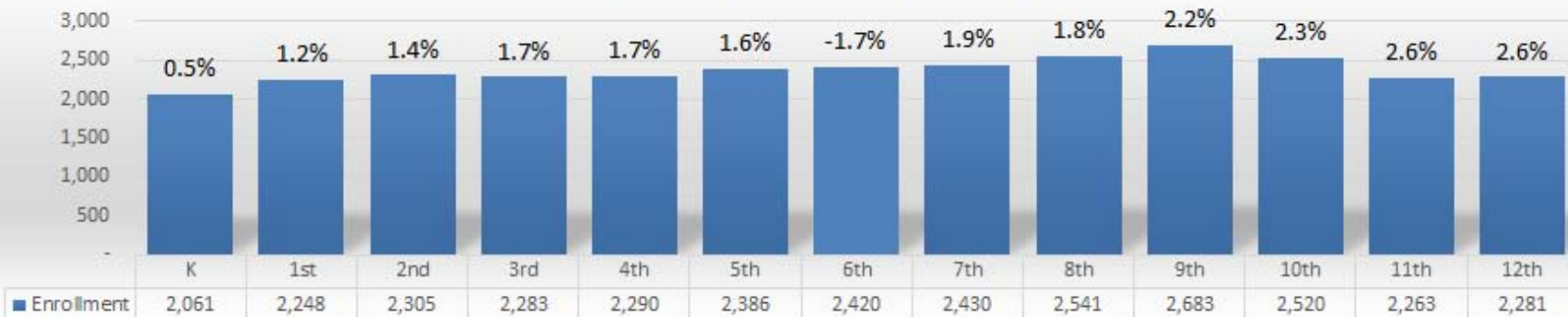
FY2021 K-12 Enrollment



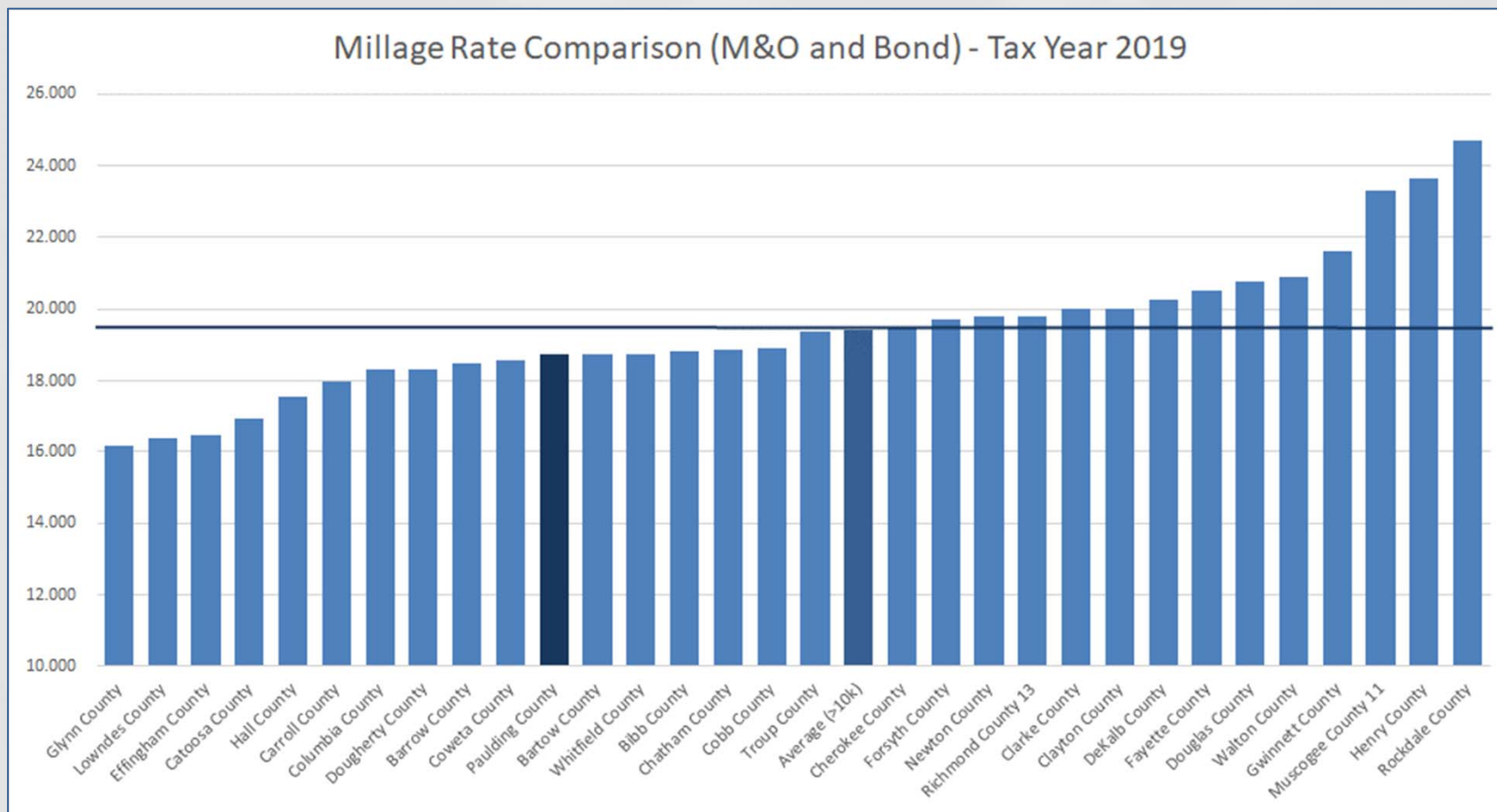
FY2021 K-12 Growth



FY2021 Enrollment by Grade



FY2021 Enrollment Projections



Local Revenue: M&O and Bond Millage Rate

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.

The amount that the board authorizes to be expended in each "spending resolution" should not exceed one-twelfth of the prior year's final amended budget plus debt service and capital expenditures known to be due each month.