

FY2021 Budget Update

Agenda

1. Budget Timeline
2. Spending Resolution
3. Factors Influencing Decisions: Enrollment
4. Revenue Update
5. Expenditure Update

Appendix

Attachments:

General Fund Allotment Change Summary

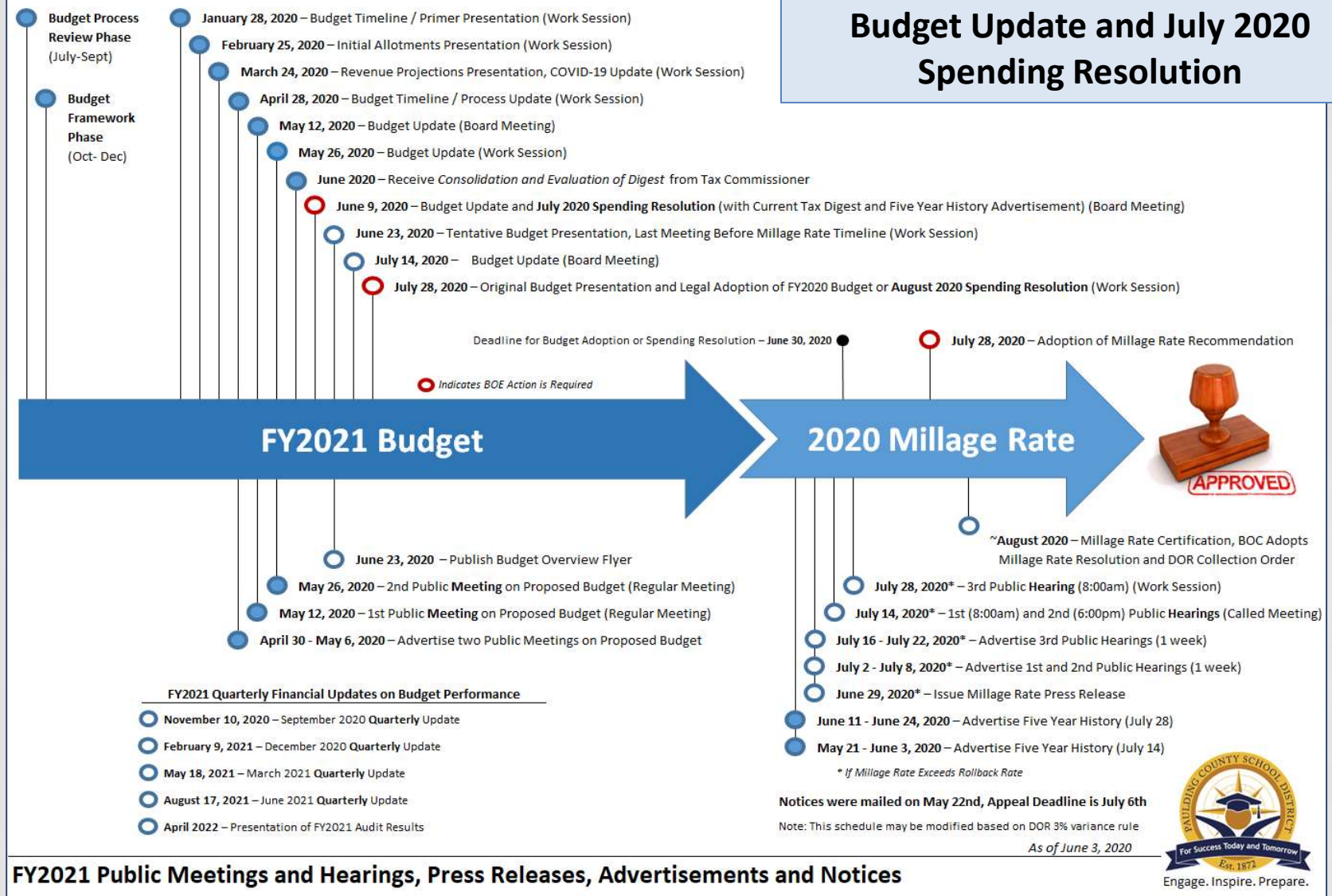
*The following presentation is current as of June 4, 2020
but is subject change before final budget adoption.*



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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.

June 9th – Board Adoption of July 2020 Spending Resolution

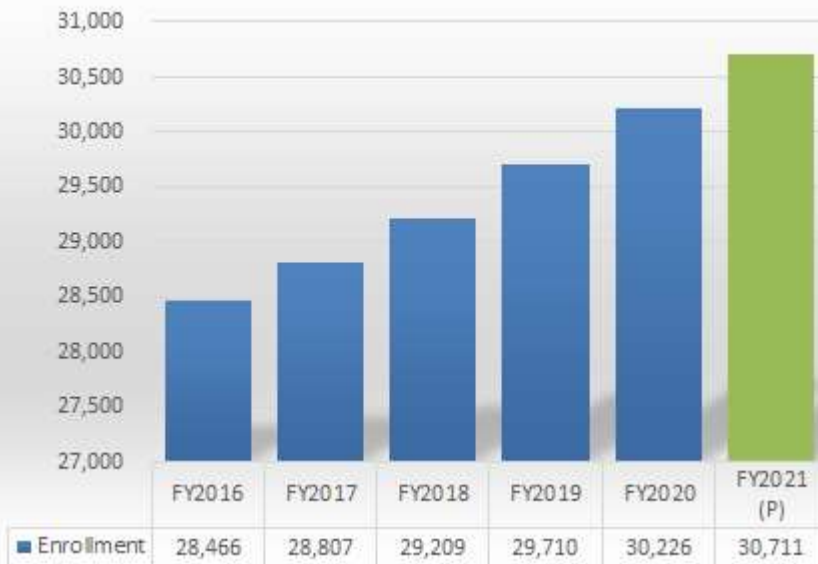
July 28th – Board Adoption of Original Budget or August 2020 Spending Resolution



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Organization-wide Factors Influencing Decisions: Enrollment Factors

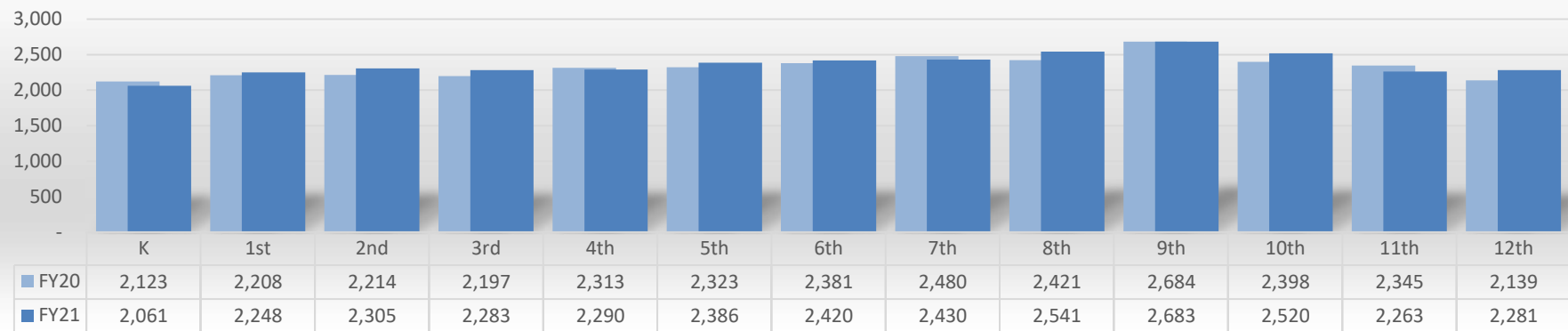
FY2021 K-12 Enrollment

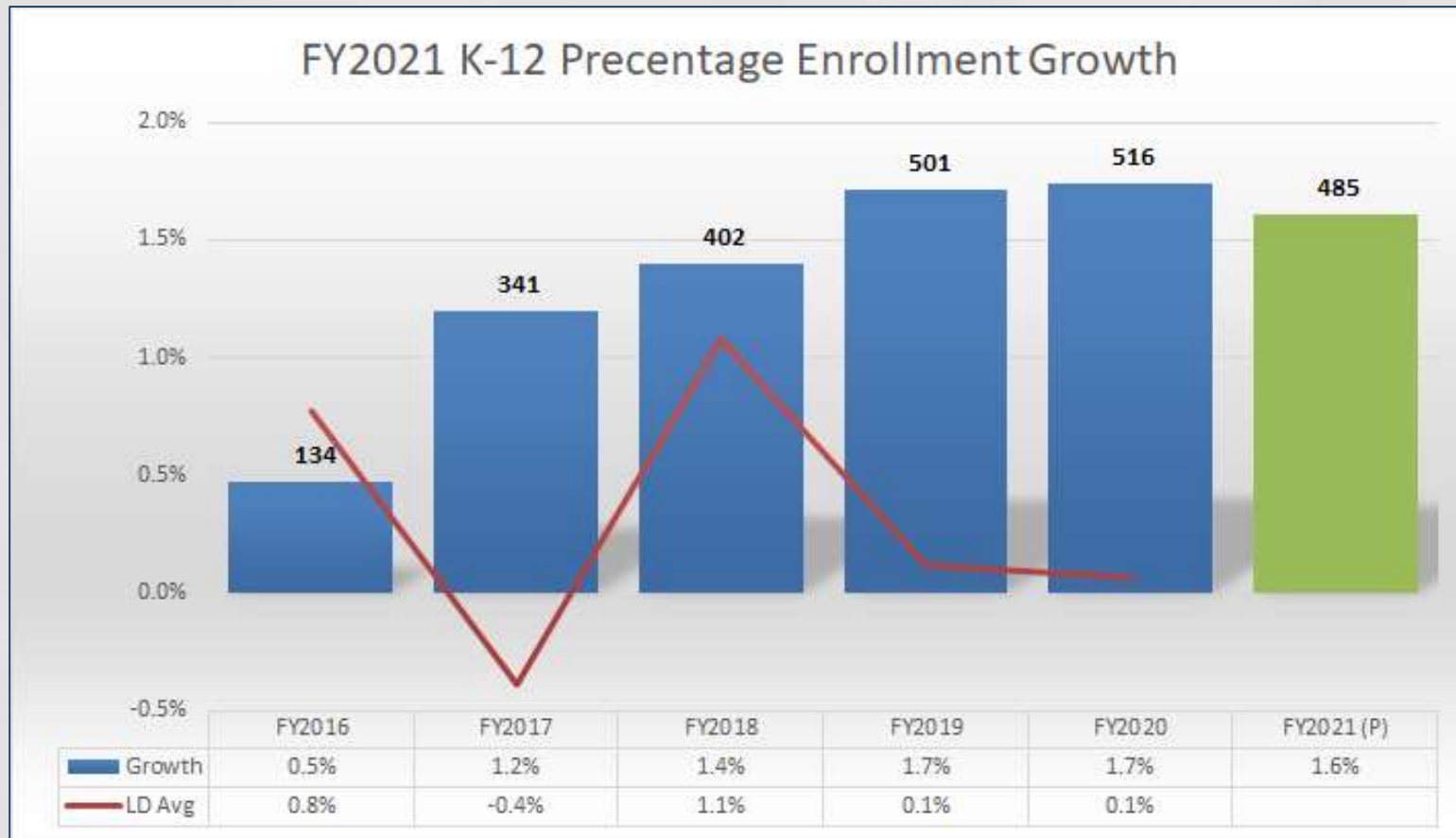


FY2021 K-12 Enrollment Growth



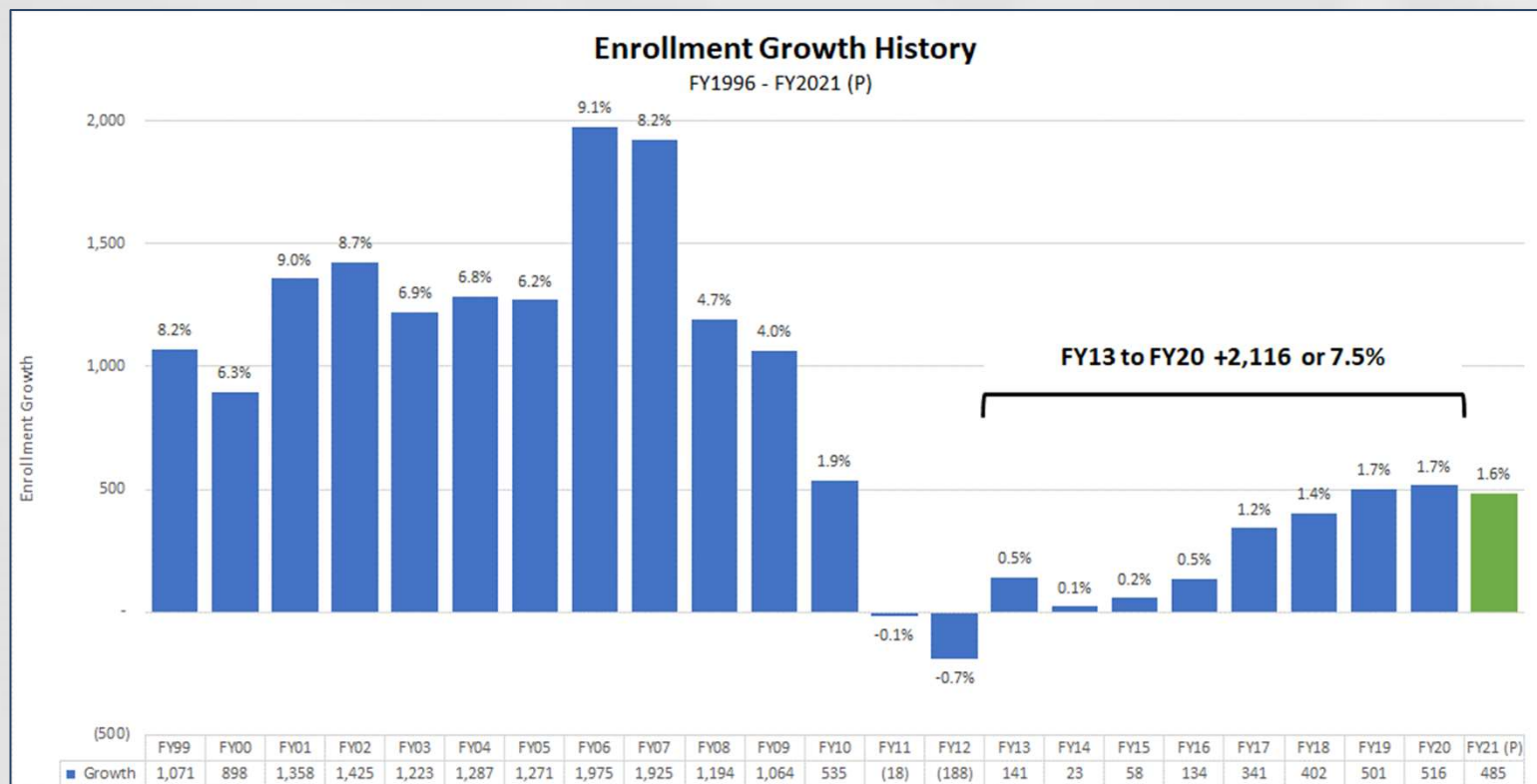
FY2021 Enrollment by Grade





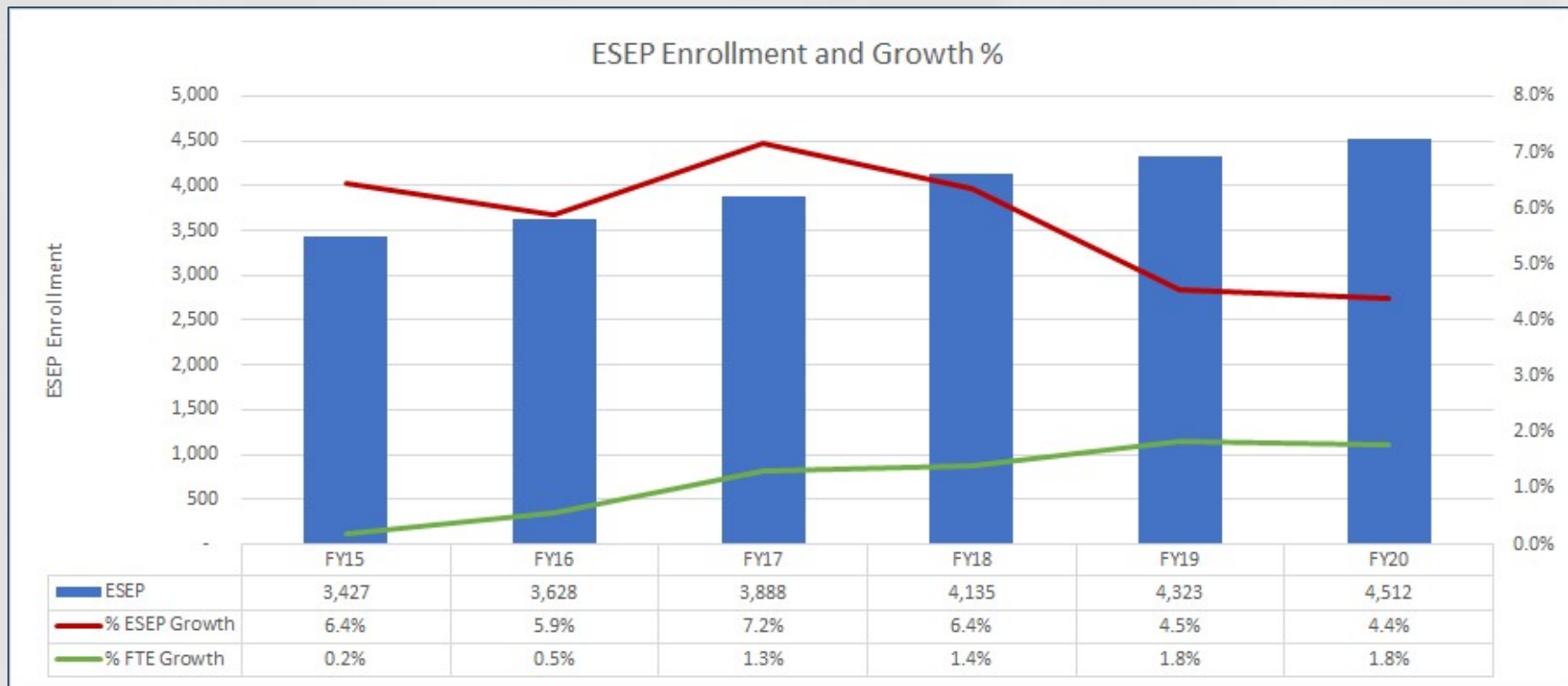
K-12 Enrollment Growth:
 30,711 Students an Increase of **485** or **1.6%**

Enrollment Growth. In the 8 years preceding the collapse of the housing market, the district experienced tremendous enrollment growth, increasing over 80% from fiscal years 2000 to 2007. From 2008 to 2011 enrollment growth declined by two-thirds. By 2012, enrollment was declining, compared to modest increases statewide. From 2013 to 2020 enrollment grew 2,116 or 7.5%. 2020 enrollment grew 1.7%, more than the large district average of 0.1%. 2021 is projected to grow 485 or 1.6%.



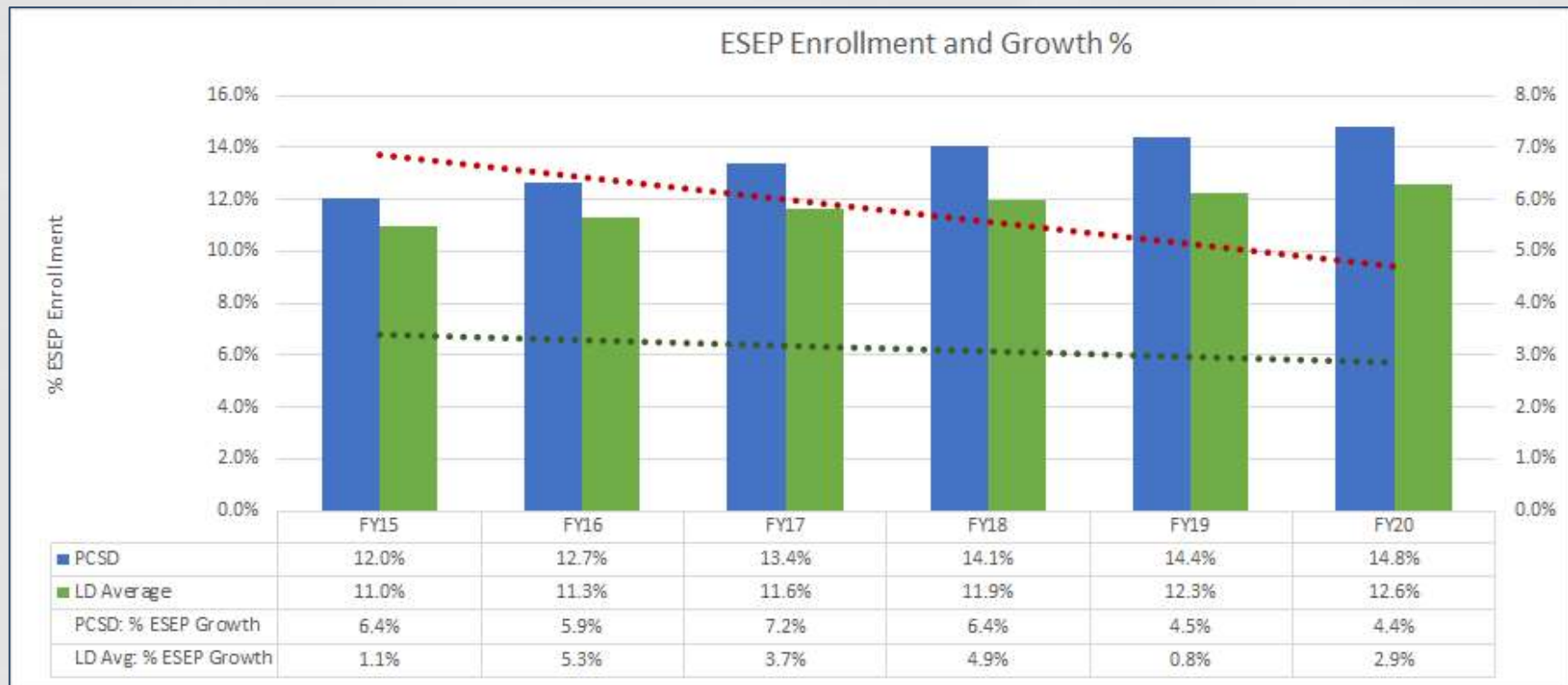
District Historical Enrollment Growth

ESEP Enrollment Growth. Enrollment in Exceptional Students Educational Programs (ESEP) have increased dramatically over the past several years. In FY2019, the average additional cost per ESEP student was \$2,607 or 33% (including Local, State and Federal sources).



Note: Totals include Pre-K

ESEP Enrollment Growth. While enrollment in Exceptional Students Educational Programs (ESEP) continues to exceed the Large District Average, there are indications the growth is slowing at a faster rate than the Large District Average (LD Avg).



Note: Totals include Pre-K



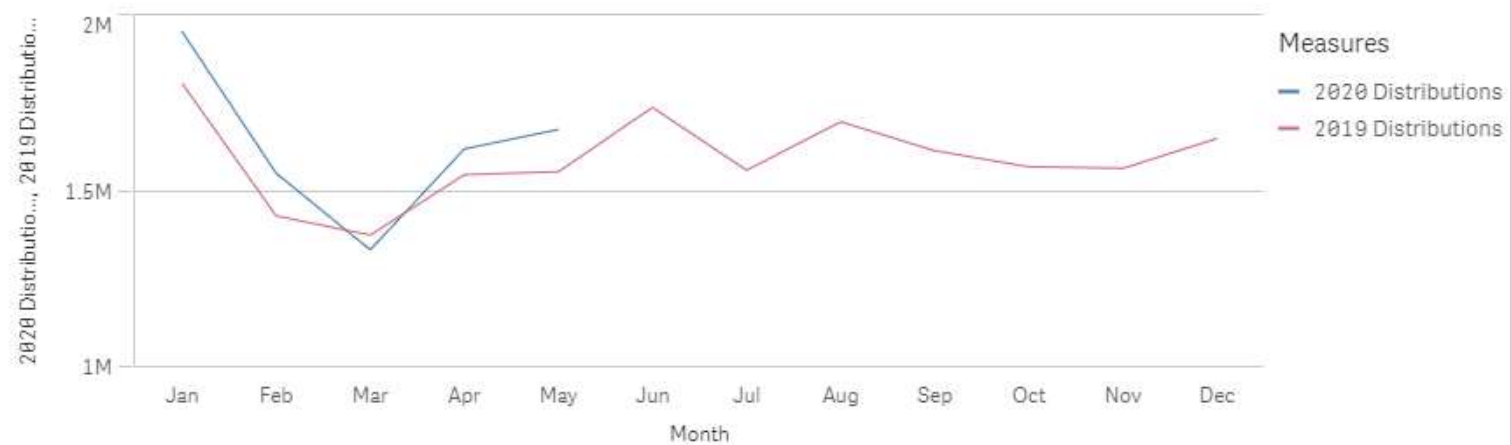
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FY2021 Budget Scenarios

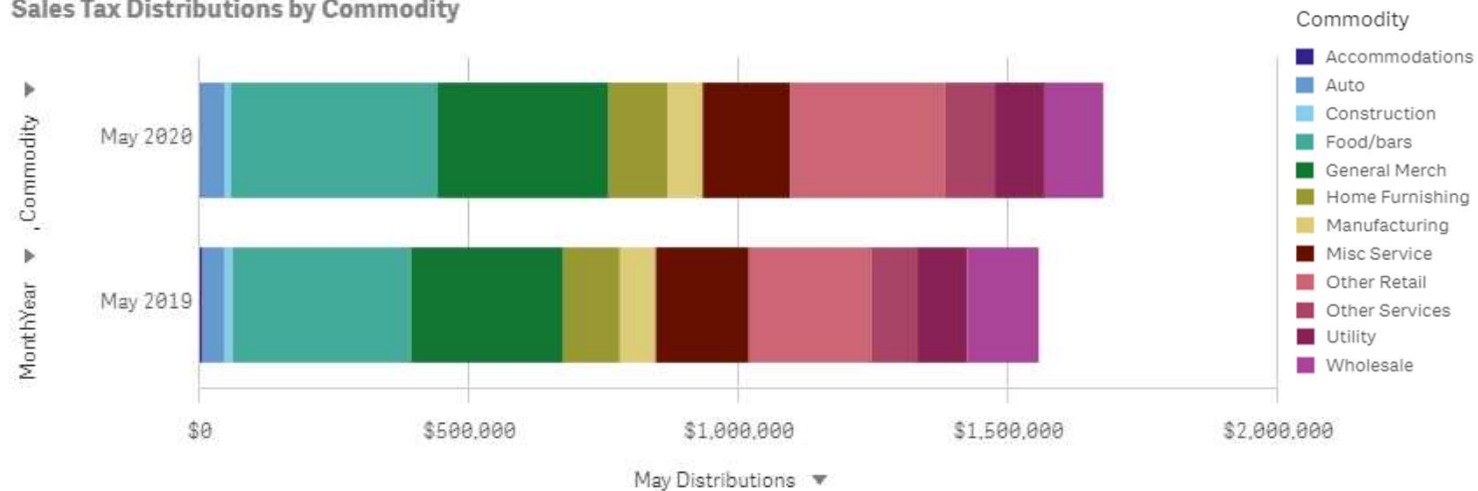
FY2021 State Budget Update

- General Assembly scheduled to return on June 15, 2020
- Required to pass a state budget during each legislative session
- Noting “reassuring signs of fiscal resilience” in Georgia, Gov. Brian Kemp announced June 3rd that the FY21 state budget won’t be cut as severely. Kemp told state agencies and legislative leaders he is preparing an updated revenue estimate that will call for 11% across-the-board spending.
- 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. An 11% cut to the Equalization Grant would reduce funding by over \$3.2 million (based on FY20 allocations)
 - ✓ Treatment of LFS could negatively impact funding

Sales Tax Distributions Over Time



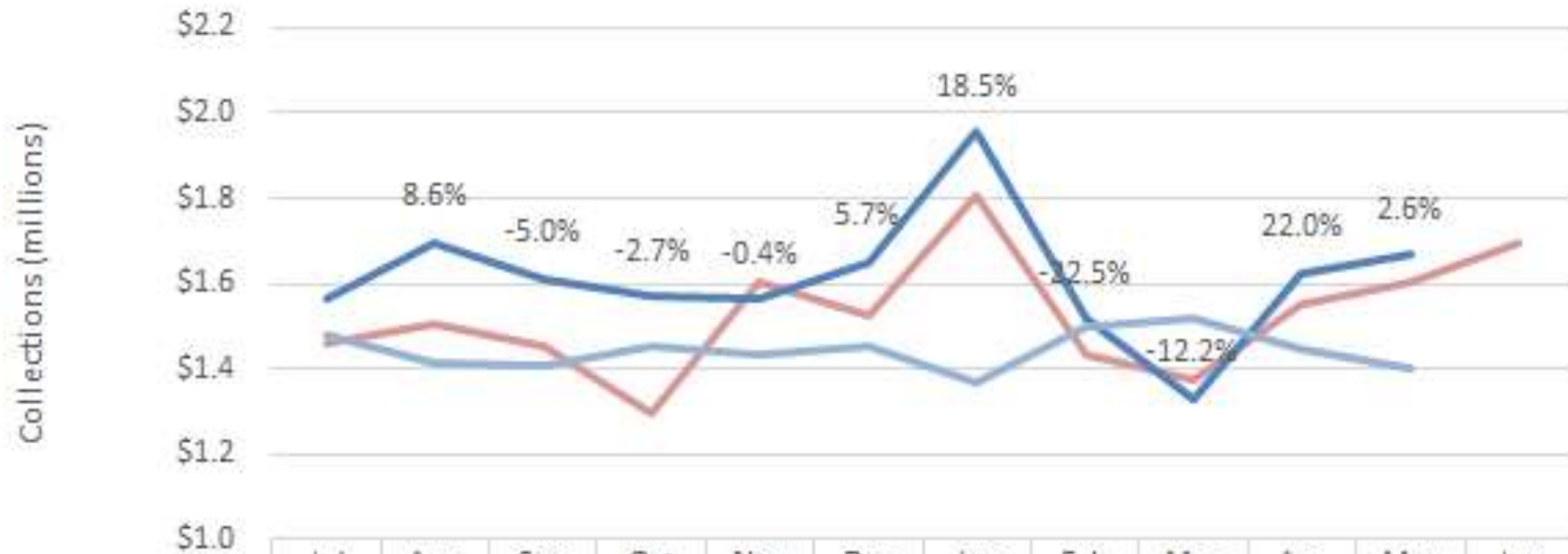
Sales Tax Distributions by Commodity



Source: Georgia Department of Revenue, "Sales Tax Commodity Report,"
<https://dor.georgia.gov/sales-tax-information-taxing-authorities/>

Sales Tax Collections (April Activity)

SPLOST V Collections



SPLOST V Collections (April Activity)

General Fund Revenue	FY20 Budget	FY21 Budget Scenarios		
		Model A	Model B	Model C
State Funding:		8.0%	11.0%	11.0%
QBE & Categorical Funding, net	\$ 171.3	\$ 171.8	\$ 171.8	\$ 171.8
Austerity Reduction	-	(13.7)	(18.9)	(22.1)
Equalization Grant (Model C Austerity)	28.8	28.8	28.8	28.8
Total State Funding	\$ 200.1	\$ 186.9	\$ 181.7	\$ 178.6
Change		\$ (13.2)	\$ (18.3)	\$ (21.5)
% Change		-6.6%	-9.2%	-10.7%
Local Revenue:		18.750	18.750	18.750
Ad Valorem	\$ 81.9	\$ 88.3	\$ 88.3	\$ 88.3
TAVT	9.3	7.1	7.1	7.1
Other Sales Taxes	2.5	2.7	2.7	2.7
Other Local Revenue	2.3	1.8	1.8	1.8
Total Local Funding	\$ 96.1	\$ 99.9	\$ 99.9	\$ 99.9
Change		\$ 3.8	\$ 3.8	\$ 3.8
% Change		4.0%	4.0%	4.0%
Total GF Revenue	\$ 296.2	\$ 286.8	\$ 281.6	\$ 278.5
Change		\$ (9.4)	\$ (14.5)	\$ (17.7)
% Change		-3.2%	-4.9%	-6.0%
FTE Count (October)	30,226	30,711	30,711	30,711
Per-Pupil	\$ 9,798	\$ 9,338	\$ 9,171	\$ 9,068
\$ Change		\$ (460)	\$ (627)	\$ (731)
% Change		-4.7%	-6.4%	-7.5%
• Excludes Grants and Interfund Transfers		Best	Mid	Target

Model C (Target):

- -\$18.9m QBE & Categorical Funding Austerity Cut (11%)
- -\$3.2m Austerity Reduction in Equalization Grant (11%)
- \$6.4m Ad Valorem Increase
- No Digest Impact in 2020 (FY21)
- \$3.8m Local Revenue Increase
- -\$17.7m Revenue Decline
- -\$731 Per-Pupil Decline
- Largest (Single Year) Decline in Per-Pupil Revenue during the Great Recession was -\$460

Note: Projections as of 6.4.20 unless otherwise noted

FY2021 Revenue 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 July 28, 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	\$ 5,676,816,294
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	5,710,239,562
Less M&O Exemptions	(511,439,573)	(563,602,175)	(626,135,711)	(698,086,901)	(797,100,194)	(891,271,119)
Net Digest	3,254,476,604	3,430,244,894	3,754,583,046	4,084,004,371	4,471,263,528	4,818,968,443
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	\$ 90,355,658
Net Taxes \$ Increase	\$ 5,441,085	\$ 3,318,330	\$ 6,123,180	\$ 6,219,145	\$ 6,734,273	\$ 6,519,467
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.

		FY21 Budget Scenarios		
General Fund Expenditures	FY20 Budget	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	\$ 36.3	\$ 37.7	\$ 37.7	\$ 37.7
Total Expenditures	\$ 296.1	\$ 301.6	\$ 301.6	\$ 301.6
Revenue Over/(Under) Expend	\$ 0.1	\$ (14.8)	\$ (19.9)	\$ (23.1)
Deficit Mitigation:				
CARES Act Funding		3.0	3.0	3.0
Salaries & Benefits Adjustments (Target):				
Class Size Maintenance (-30) ^{1,14}			2.3 -31	4.7 -62
Assumption Maintenance (1) ²			0.5 -5.5	0.5 -5.5
ESEP Allotment Changes (15) ^{3,9,10,11,12}			1.6 -23	1.6 -23
Other Allotment Changes (-3) ¹³		1.1 -3	1.1 -3	1.1 -3
Workers Compensation		0.3	0.3	0.3
Reduction in Other Operating		5.0 14%	6.0 17%	7.0 19%
Total Expenditures (Adjusted)	\$ 296.1	\$ 292.2	\$ 286.8	\$ 283.4
Revenue Over/(Under) Expend	\$ 0.1	\$ (5.4)	\$ (5.1)	\$ (4.9)
		Best	Mid	Target

Model C (Target):

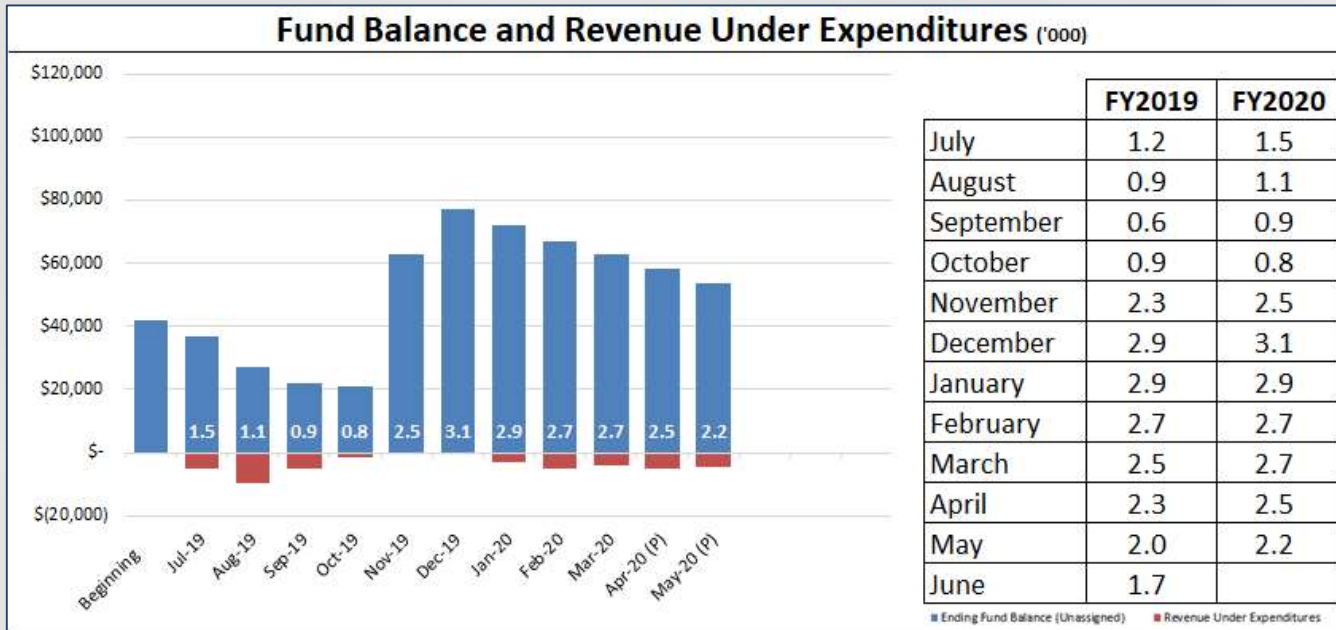
- \$4.0m Salaries & Wages (87%)
- \$1.4m Other Operating (13%)
- -\$23.1m Deficit

Possible Deficit Mitigation:

- CARE Act Fund – One Time
- Salaries & Benefits (89%)
 - ✓ Class Size
 - ✓ Allotment Freeze
 - ✓ Critical Allotments
 - ✓ See Attachment (-17)
 - ✓ Workers Compensation
- \$7.0m Other Operating (11%)
 - ✓ Capital Projects
 - ✓ Strategic Cuts
- Fund Balance

Note: Projections as of 6.4.20 unless otherwise noted

FY2021 Expenditure Projections



Possible Mitigation:

- CARE Act Fund
- Salaries & Benefits
- Other Operating
- Fund Balance (YE)
 - ✓ 1.5 mo. or 12.5%
 - ✓ 1.8 mo. or 15.0%
 - ✓ 2.0 mo. or 16.7%

Based on the FY20 budget, 0.2 months of unassigned fund balance equals 1.7% or \$5.0m

Mitigation Goals:

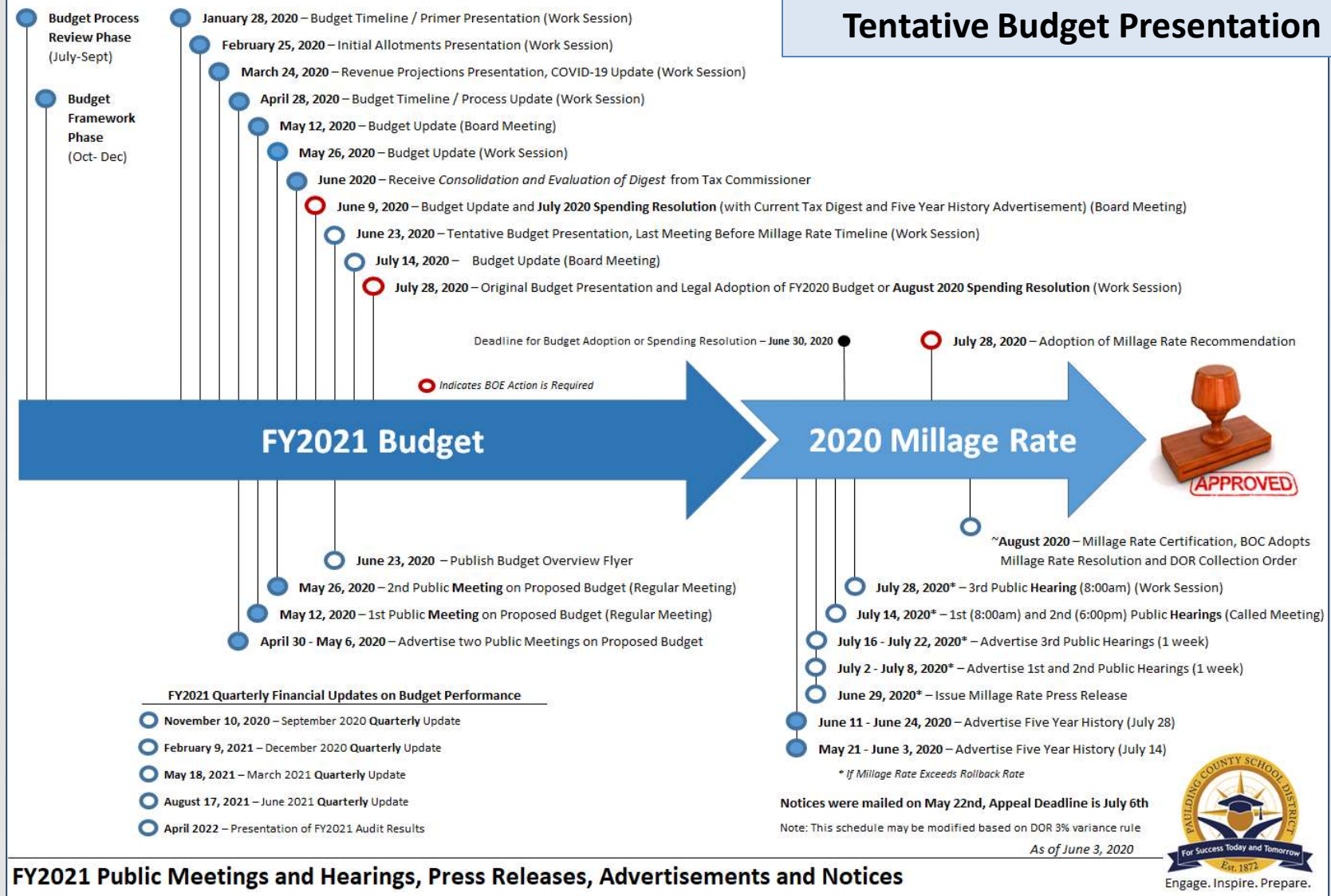
- Minimize disruptions to schools, staff and students
- Position district for potential further declines in funding and/or a protracted recovery
- Prepare for changes in instructional delivery methods
- Carefully monitor short and long-term consequences of cost mitigations

March-May uses \$278m FY21 budget, not FY20 budget

Note: Projections as of 6.4.20 unless otherwise noted

Deficit Mitigations: Fund Balance

FY2021 Budget Development - Major Milestones



June 23, 2020
Tentative Budget Presentation

FY2021 Budget Approval Timeline



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Thank You

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



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Appendix

Elementary School Enrollment



Elementary Schools

			Rank	2019	2020	Var	% Var	2021	Growth	% Var
34	Abney Elementary	NE	1	1,251	1,320	69	5.5%	1,397	77	5.8%
20	Allgood Elementary	SW	4	879	899	20	2.3%	936	37	4.1%
23	Baggett Elementary	SE	12	632	616	(16)	-2.5%	609	(7)	-1.1%
31	Burnt Hickory Elementary	NE	3	1,001	1,050	49	4.9%	1,087	37	3.5%
2	Dallas Elementary*	NW	18	446	444	(2)	-0.4%	453	9	2.0%
26	Dugan Elementary	SE	7	674	668	(6)	-0.9%	647	(21)	-3.1%
3	Hiram Elementary	SE	6	809	808	(1)	-0.1%	786	(22)	-2.7%
33	Hutchens Elementary	SE	8	670	666	(4)	-0.6%	671	5	0.8%
5	McGarity Elementary	NE	11	567	617	50	8.8%	628	11	1.8%
18	Nebo Elementary	SE	10	633	632	(1)	-0.2%	627	(5)	-0.8%
6	New GA Elementary*	SW	19	305	332	27	8.9%	332	-	0.0%
15	Northside Elementary	NW	13	497	572	75	15.1%	633	61	10.7%
16	Panter Elementary	SE	15	528	533	5	0.9%	546	13	2.4%
25	Poole Elementary	NW	17	436	450	14	3.2%	456	6	1.3%
32	Ragsdale Elementary	SW	14	558	556	(2)	-0.4%	528	(28)	-5.0%
19	Roberts Elementary	NE	9	659	644	(15)	-2.3%	622	(22)	-3.4%
24	Russom Elementary	NE	5	876	868	(8)	-0.9%	885	17	2.0%
14	Shelton Elementary	NE	2	1,202	1,205	3	0.2%	1,205	-	0.0%
8	Union Elementary*	SW	16	492	498	6	1.2%	525	27	5.4%
All Total Elementary			19	13,115	13,378	263	2.0%	13,573	195	1.5%

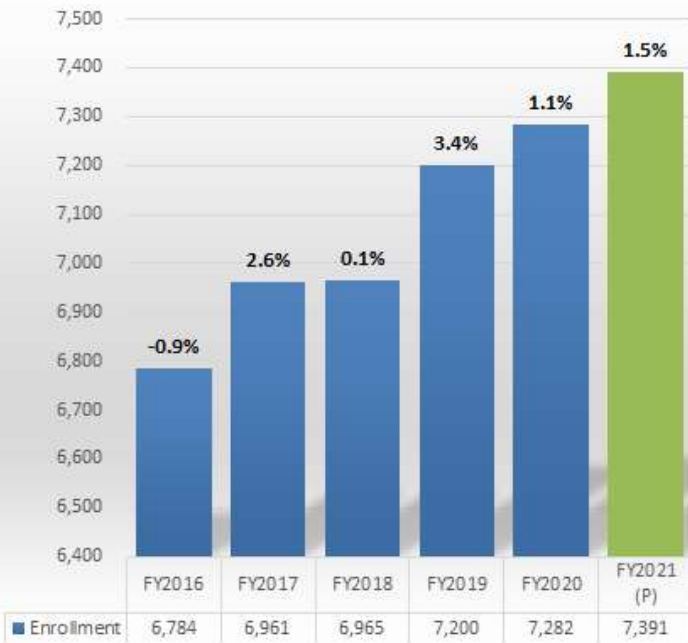
Elementary School Growth:

13,573 Students an Increase of **195** or **1.5%**

Closed for School Choice - FY21
Closed for School Choice - FY20 No Additional Closures
Closed for School Choice - FY19
Closed for School Choice - FY18 and FY19
Closed for School Choice - FY18
* Mobiles in Use for Instruction (Union ES 7, Dallas ES 3 and New GA ES 2)
FY21 Title 1 Schools

Elementary School Projections

Middle School Enrollment



Middle Schools

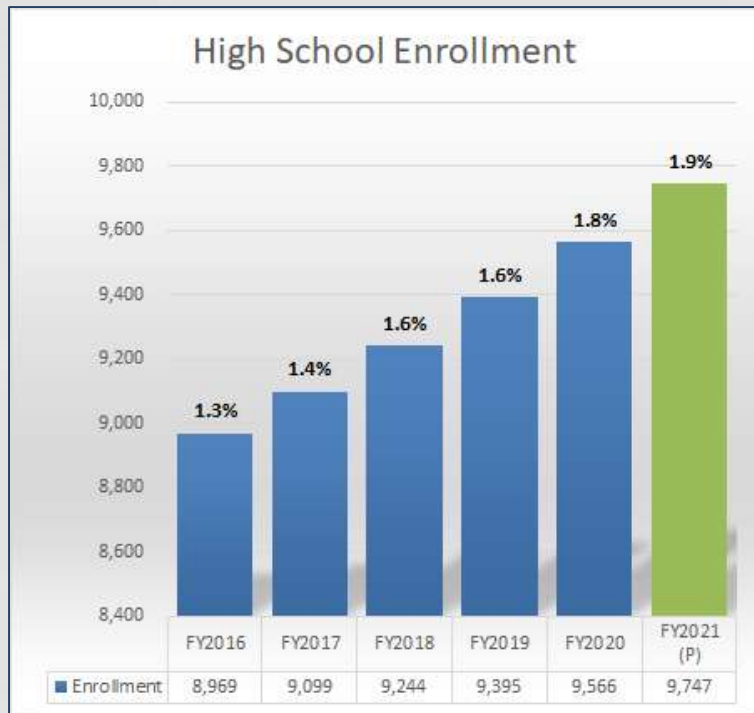
Middle Schools			2019-2020					2020-2021		
			Rank	2019	2020	Var	% Var	2021	Growth	% Var
27	Austin Middle	SE	3	894	856	(38)	-4.3%	817	(39)	-4.6%
17	Dobbins Middle	SE	7	643	666	23	3.6%	634	(32)	-4.8%
9	East Paulding Middle	NE	2	964	901	(63)	-6.5%	917	16	1.8%
10	Herschel Jones Middle	NW	4	778	812	34	4.4%	844	32	3.9%
22	Moses Middle	NE	5	725	774	49	6.8%	856	82	10.6%
29	McClure Middle	NE	1	1,368	1,424	56	4.1%	1,413	(11)	-0.8%
36	Ritch Middle	NE	8	624	640	16	2.6%	698	58	9.1%
35	Scoggins Middle	SW	6	741	728	(13)	-1.8%	743	15	2.1%
11	South Paulding Middle	SE	9	463	481	18	3.9%	469	(12)	-2.5%
All Total Middle School			9	7,200	7,282	82	1.1%	7,391	109	1.5%

Middle School Growth:

7,391 Students an Increase of **109** or **1.5%**

Closed for School Choice - FY21
Closed for School Choice - FY20 <i>No Additional Closures</i>
Closed for School Choice - FY19
Closed for School Choice - FY18 and FY19
Closed for School Choice - FY18
* Mobiles in Use for Instruction (Union ES 7, Dallas ES 3 and New GA ES 2)
FY21 Title 1 Schools

Middle School Projections

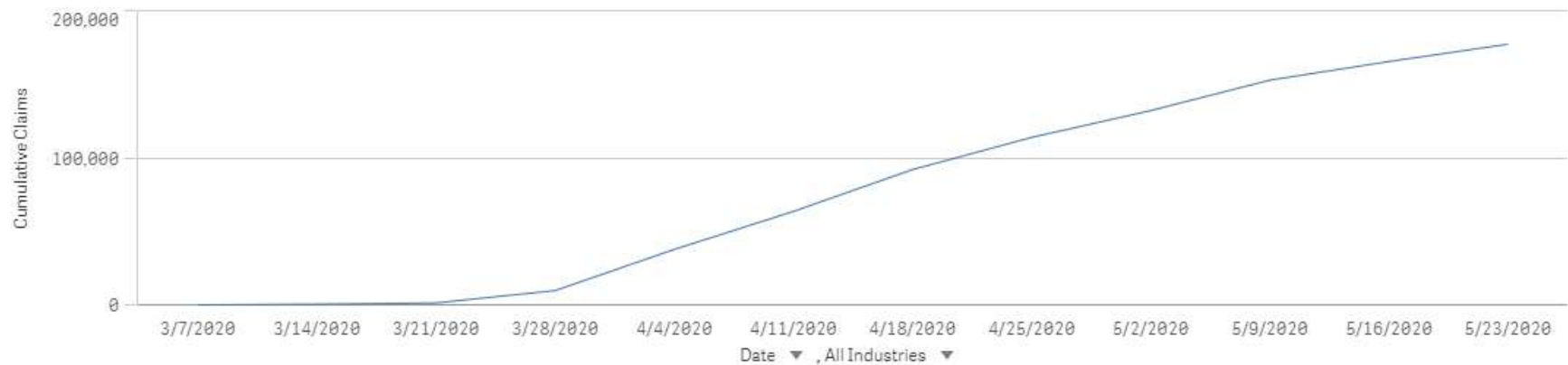


		2019-2020				2020-2021		
		Rank	2019	2020	Var	% Var	2021	Growth
12	East Paulding High	NE 4	1,743	1,783	40	2.3%	1,825	42
21	Hiram High	SE 5	1,517	1,473	(44)	-2.9%	1,462	(11)
30	North Paulding High	NE 1	2,434	2,570	136	5.6%	2,666	96
13	Paulding County High	SE 2	1,827	1,898	71	3.9%	1,940	42
28	South Paulding High	SE 3	1,874	1,842	(32)	-1.7%	1,854	12
All Total High School		5	9,395	9,566	171	1.8%	9,747	181

High School Growth:
9,747 Students an Increase of **181** or **1.9%**

Closed for School Choice - FY21
Closed for School Choice - FY20 <i>No Additional Closures</i>
Closed for School Choice - FY19
Closed for School Choice - FY18 and FY19
Closed for School Choice - FY18
* Mobiles in Use for Instruction (Union ES 7, Dallas ES 3 and New GA ES 2)
FY21 Title 1 Schools

Cumulative Initial Claims Over Time



Initial Claims Over Time

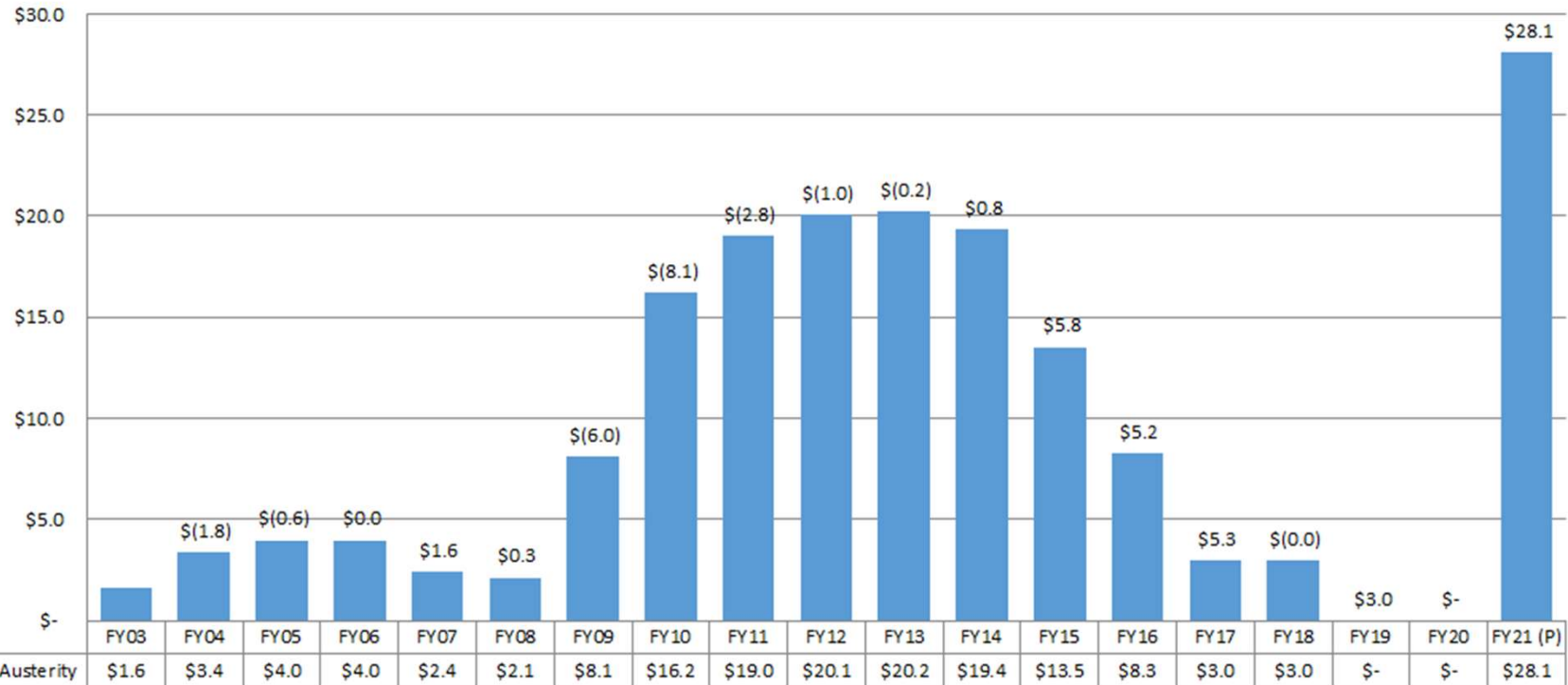


Source: Sources: Georgia Department of Labor,
"Weekly Initial Claims – Downloads"

Initial Unemployment Claims (Region 1)

Historical Austerity Reductions

(millions)



Note: Projections as of 5.20.20 unless otherwise noted

State Revenue: Austerity Reduction

Appendix

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.