



# **SCHOOL BOARD ACTION REPORT**

**DATE:** June 26, 2017  
**FROM:** Dr. Larry Nyland, Superintendent  
**LEAD STAFF:** JoLynn Berge, Asst. Superintendent for Business & Finance,  
[jdberge@seattleschools.org](mailto:jdberge@seattleschools.org);

**For Intro:** July 5, 2017  
**For Action:** July 26, 2017

## **1. TITLE**

Resolution 2016/17-27, Fixing and Adopting the Budget

## **2. PURPOSE**

This action report calls for adoption by resolution of the 2017-18 recommended budget. The attached presentation provides more detail about planned expenditures.

## **3. RECOMMENDED MOTION**

I move that the School Board adopt Resolution 2016/17-27, to fix and adopt the 2017-2018 Budget.

## **4. BACKGROUND INFORMATION**

The School Board is being asked to adopt the 2017-2018 Recommended Budget. This adoption includes approval of operating transfers from the Capital Projects Fund to the Debt Service Fund up to the amount of \$2,566,650 and transfers up to the amount of \$18,502,852 to the General Fund.

### General Fund

The 2017-2018 General Fund Budget is recommended at \$857,737,940. General Fund resources are comprised of \$ 772,704,831 in non-grant resources and \$ 85,033,109 in grant funds. Included in these amounts are capacity reserves of \$ 37,739,891 in non-grant capacity and \$13,000,000 in grant capacity. The capacity reserves are placeholders for potential spending in the event that new revenues are received or unspent funds from 2016-17 are transferred to 2017-18. Expenditures will not be made against capacity unless actual resources are received.

### Associated Student Body Fund

The 2017-2018 Associated Student Body Fund Budget is recommended at \$ 6,707,000. The budget is used to support various Associated Student Body activities.

### Debt Service Fund

The 2017-2018 Debt Service Fund Budget is recommended at \$ 2,576,650. This fund will be used to pay the debt service on the 2010 Series-A Refunding bond that financed the John Stanford Center for Educational Excellence, and \$10,000 in capacity for administrative fees or other currently unknown expenses.

Capital Fund

The 2017-2018 Capital Fund is recommended at \$258,523,031. The Capital Fund revenue is comprised of: \$194,058,165 of Building Technology Academics IV and Building Excellence IV levy collections; \$12,296,697 of State Assistance Funding; \$6,000,000 of E-Rate; \$1,363,819 of investment earnings from Building Technology Academics/ Athletics IV, Building Excellence IV, Building Technology Academics III, Building Excellence III, Building Technology Academics II, and Capital Eligible Projects; \$1,154,217 in rentals and leases; \$4,269,000 in Capital Grants and \$60,000,000 in a cash flow bond, less \$2,566,650 million in funding transfers to the Debt Service, and \$18,502,852 million in funding transfers to the General Fund. \$450,634 of the Fund balance from prior bond sales and levies will also be used to fund projects for the 2017-2018 fiscal year.

a. **Alternatives**

1. The board can choose not to approve the budget. This is not recommended because approval is necessary in order to allow schools, educational support programs and administrative functions to continue operating.
2. The board can choose to make amendments to the recommended budget. This is not recommended due to the significant amount of work and discussions that have already occurred to reach the proposed budget decisions. Making any major changes this late could create a delay in finalizing and submitting the budget to the state.

b. **Research**

This motion reflects the culmination of budget development work that started in October of 2016. This was a public process that included several community meetings and School Board work sessions. A public hearing on the budget will be held on July 19, 2017.

**5. FISCAL IMPACT/REVENUE SOURCE**

Fiscal impact to this action will be \$857,737,940 (General Fund), \$ 6,707,000 (Associated Student Body Fund), \$ 2,576,650 (Debt Service Fund), and \$ 258,523,031 (Capital Projects Fund).

The revenue source for this motion is multiple sources.

Expenditure:  One-time  Annual  Multi-Year  N/A

Revenue:  One-time  Annual  Multi-Year  N/A

**6. COMMUNITY ENGAGEMENT**

With guidance from the District's Community Engagement tool, this action was determined to merit the following tier of community engagement:

- Not applicable
- Tier 1: Inform
- Tier 2: Consult/Involve
- Tier 3: Collaborate

Through multiple budget discussions and meetings with our community, labor partners, employees and senior leaders, ongoing programs and investments for student learning were identified and incorporated into the annual budget decision-making process. A public hearing as required in WAC 392-12-054 will take place on July 19, 2017.

**7. EQUITY ANALYSIS**

Detailed review of budget balancing strategies and support needs for the district's equity goals were discussed and evaluated over the last year during development of the proposed budget.

**8. STUDENT BENEFIT**

Adopting the proposed budget benefits students by providing a balanced budget that is designed to provide necessary resources for teachers, teacher support and administrative support for academic success for all students of Seattle Public Schools within the constraints of our current funding environment.

**9. WHY BOARD ACTION IS NECESSARY**

- Amount of contract initial value or contract amendment exceeds \$250,000 (Policy No. 6220)
- Amount of grant exceeds \$250,000 in a single fiscal year (Policy No. 6114)
- Adopting, amending, or repealing a Board policy
- Formally accepting the completion of a public works project and closing out the contract
- Legal requirement for the School Board to take action on this matter
- Board Policy No. 6000, Program Planning, Budget Preparation, Adoption and Implementation, provides the Board shall approve this item
- Other: \_\_\_\_\_

**10. POLICY IMPLICATION**

The 2017-2018 Recommended Budget is in compliance with the following:

- 1) Board Policy No. 6000, Program Planning, Budget Preparation, Adoption, and
- 2) Revised Code of Washington State Law: RCW 28A.505.130 which requires school districts to adopt a balanced budget, RCW 28A.505.060 which requires first-class school districts to adopt a budget no later than August 31st each year and to forward copies of their adopted budget to their Educational Service District no later than September 3<sup>rd</sup>, and RCW 28A.335.060 which allows school districts to deposit revenue into the General Fund from the lease, rental, or occasional use of surplus school property to be expended for general maintenance, utility, insurance costs, and any other costs associated with the lease or rental of such property.

**11. BOARD COMMITTEE RECOMMENDATION**

This motion was discussed at the Quarterly Audit and Finance Committee meeting on June 13, 2017. The Committee reviewed the motion and the item forwarded for consideration.

**12. TIMELINE FOR IMPLEMENTATION**

Upon approval of this motion, staff will file a completed budget with the State. This budget will go into effect on September 1, 2017 and expire on August 31, 2018.

**13. ATTACHMENTS**

- Resolution 2016/17-27, Fixing and Adopting the Budget (for approval)
- Presentation on 2017-18 Recommended Budget

# RESOLUTION OF FIXING AND ADOPTING THE BUDGET

## SEATTLE SCHOOL DISTRICT NO. 1 RESOLUTION NUMBER 2016/17-27

WHEREAS, WAC 392-123-054 requires that the Board of Directors of every school district meet for the purpose of fixing and adopting the budget of the district for the ensuing fiscal year; and

WHEREAS, public notices were published on July 06, 2017 and July 10, 2017 announcing that the Board of Directors of Seattle School District No. 1, King County, Washington, would meet in a public meeting on July 19, 2017 for the purpose of holding a required public hearing regarding the 2017–2018 Fiscal Budget of the district; and

WHEREAS, the Board of Directors has been requested to approve operating transfers from the Capital Projects Fund to the Debt Service Fund up the amount of \$ 2,566,650 and

WHEREAS, pursuant to RCW 28A.320.330 the Board of Directors has been requested to approve operating transfers from the Capital Projects Fund up to the amount of \$ 18,502,852 to the General Fund for certain major renovations, facility repairs and technology - related expenditures; and

WHEREAS, pursuant to RCW 28A.335.060, the Board of Directors has been requested to redirect revenues derived from the rental and lease of real property for 2017–2018 to be used exclusively for nonrecurring costs related to operating school facilities up to a maximum of \$ 3,984,669; now therefore

BE IT RESOLVED that the Board of Directors of Seattle School District No. 1, King County, Washington, has determined that the final appropriation level of expenditures for each fund in 2017–2018 will be as follows:

	<u>APPROPRIATION LEVEL</u>
A. General Fund	\$ 857,737,940
B. Associated Student Body Fund	\$ 6,707,000
C. Debt Service Fund	\$ 2,576,650
D. Capital Projects Fund	\$ 258,523,031

BE IT FURTHER RESOLVED that the Board of Directors of Seattle School District No. 1, King County, Washington, approves, in a meeting thereof held July 26, 2017, operating transfers from the Capital Projects Fund to the Debt Service Fund up to the amount of \$ 2,566,650 and Capital Projects Fund transfer up to the amount of \$ 18,502,852 to the General Fund and to redirect up to \$ 3,984,669 of rental and lease revenue to the General Fund.

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ADOPTED by the Board of Directors of Seattle School District No. 1, King County Washington, at a regular open public meeting thereof, held this 26<sup>th</sup> day of July, 2017, the following Directors being present and voting in favor of the resolution.

\_\_\_\_\_  
Director Sue Peters, Board President

\_\_\_\_\_  
Director Leslie Harris, Board Vice President

\_\_\_\_\_  
Director Scott Pinkham, Member-at-Large

\_\_\_\_\_  
Director Stephan Blanford

\_\_\_\_\_  
Director Rick Burke

\_\_\_\_\_  
Director Jill Geary

\_\_\_\_\_  
Director Betty Patu

ATTEST: \_\_\_\_\_  
Dr. Larry Nyland, Superintendent  
Board Secretary  
Seattle School District No. 1  
King County, WA

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# Presentation on 2017-18 Budget

Board Meeting  
July 5, 2017

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# Agenda

1. Recommended FY17-18 Budget Summary
2. Enrollment
3. General Fund Resources
4. Expenditures by State Program
5. Expenditures by State Activity
6. Expenditures by State Object
7. Comparison of Direct Services to Support Services
8. Maintenance Supplies & Operating Cost (MSOC) Funding vs Expenditures FY 2017-18
9. Next Steps
10. Appendix
  1. District wide staffing
  2. School Funding Allocations

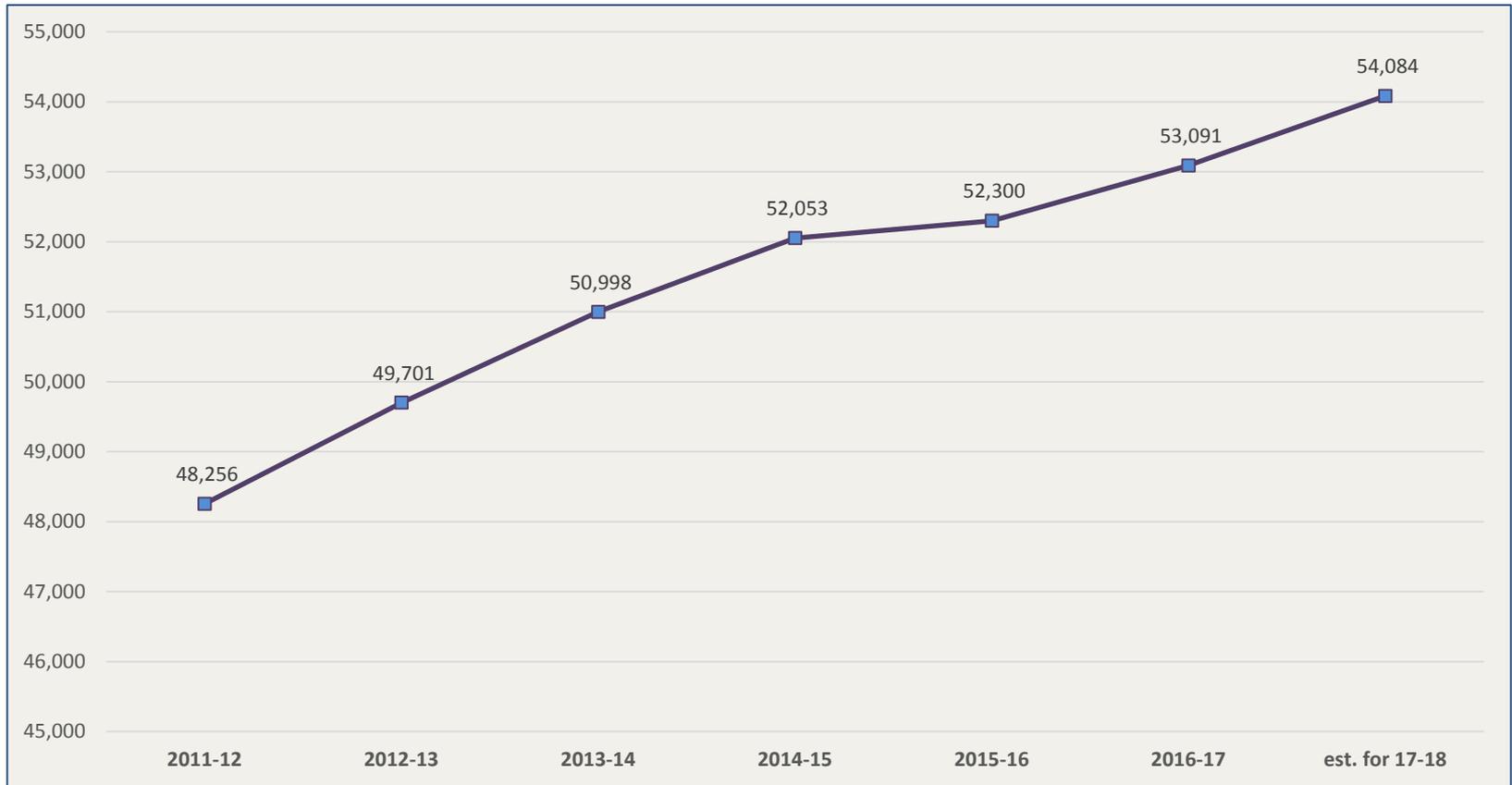
# Recommended FY17-18 Budget Summary

(Dollars in Millions)

	General Fund	ASB Fund	Debt Service Fund	Capital Fund
Beginning Fund Balance	\$68.7	\$3.8	\$1.3	\$4.7
Revenue and Other Financing Sources	\$816.1	\$7.1	\$2.6	\$279.1
Expenditures	\$857.7	\$6.7	\$2.6	\$258.5
Transfers Out				\$21.1
Net Operating Activities (Use of Fund Balance)	<u>(\$41.7)</u>	<u>\$0.4</u>	<u>\$0.0</u>	<u>(\$0.5)</u>
<b>Ending Fund Balance</b>	<b>\$27.0</b>	<b>\$4.3</b>	<b>\$1.3</b>	<b>\$4.2</b>

# Enrollment – October Headcount

Number of Students



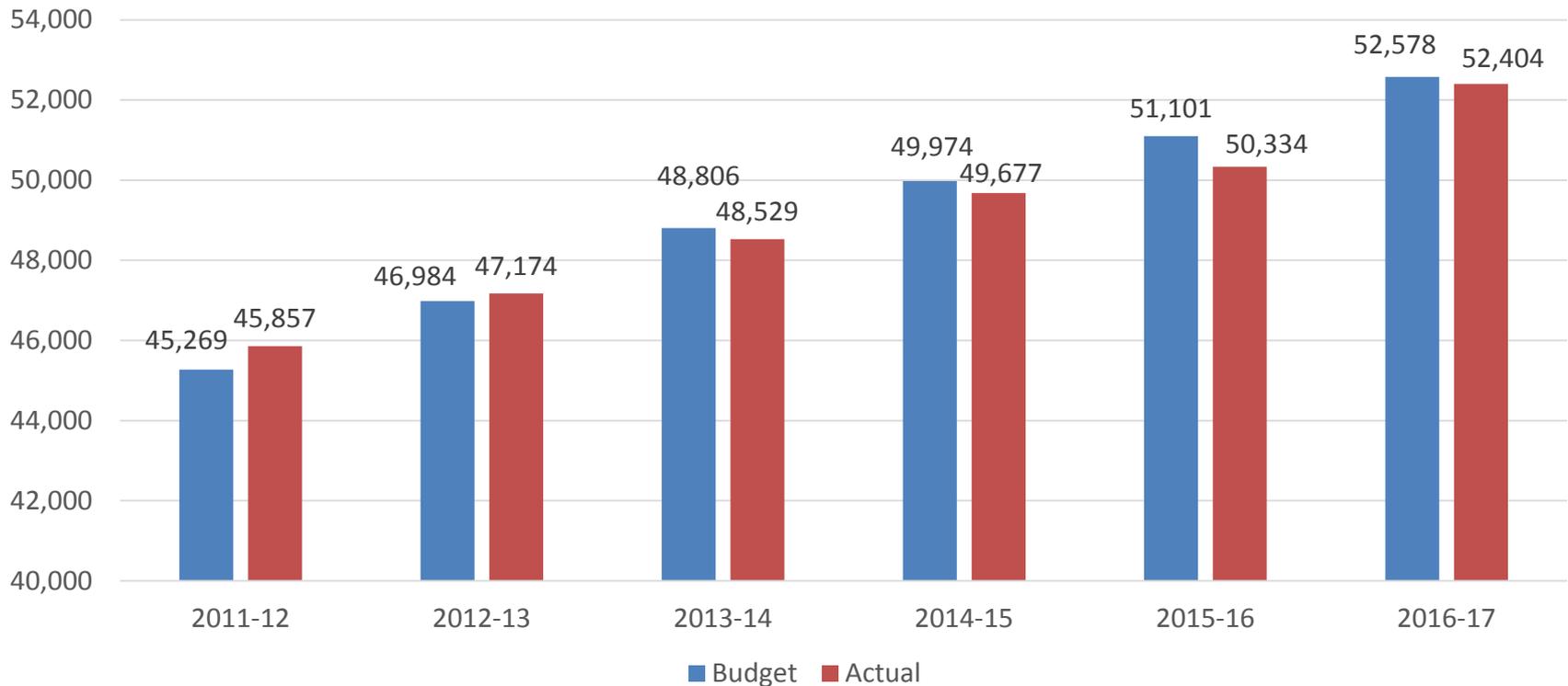
Actual enrollment per OSPI report 1251H. Estimated 2017-18 enrollment provided by Seattle's Enrollment Planning Department



# Enrollment

## Annual Average Full Time Equivalent (AAFTE)

Variance Between Planned Students and Actual



Enrollment excludes Running Start, Dropout Reengagement, and Summer School  
Source: OSPI Report 1251 for Actual and F-195 for Budget

Board Meeting 7/5/2017 Presented by  
JoLynn Berge

# General Fund Resources

Dollars in Millions	2015-16 Actual	2016-17 Adopted	2017-18 Recommended	Change 2016-17 vs 2017-18	2017-18 Rec. Percent of Total
State	\$418.9	\$446.3	\$491.2	\$44.9	10.1%
Local Levy	\$190.4	\$197.8	\$201.1	\$3.3	1.7%
Federal	\$52.4	\$53.0	\$55.5	\$2.4	4.6%
Other	<u>\$46.7</u>	<u>\$40.3</u>	<u>\$49.8</u>	<u>\$9.5</u>	<u>23.5%</u>
<b>Total Revenue</b>	<b>\$708.5</b>	<b>\$737.4</b>	<b>\$797.6</b>	<b>\$60.1</b>	<b>8.2%</b>
Other Resources	<u>\$15.2</u>	<u>\$52.3</u>	<u>\$60.2</u>	<u>\$7.9</u>	<u>15.1%</u>
<b>Total Resources</b>	<b>\$723.7</b>	<b>\$789.7</b>	<b>\$857.7</b>	<b>\$68.0</b>	<b>8.6%</b>

Numbers may not add due to rounding

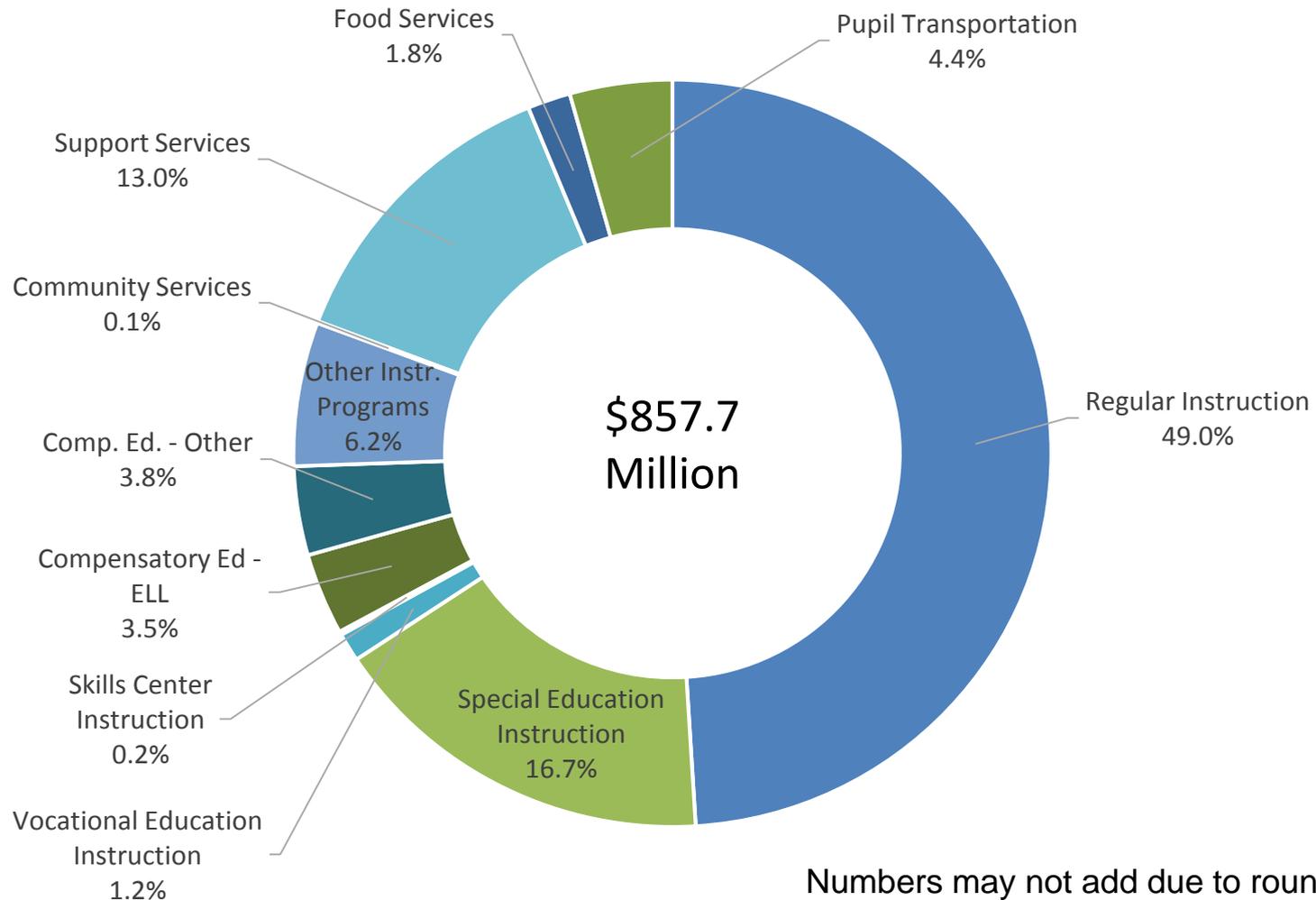
# Expenditures by State Program

Dollars in Millions	2015-16 Actual	2016-17 Adopted	2017-18 Recommended	Change 2016-17 vs 2017-18	2017-18 Rec. % of Total
Regular Instruction	\$332.8	\$385.7	\$420.4	\$34.7	49.0%
Special Education	\$119.5	\$128.0	\$143.0	\$15.0	16.7%
Vocational Education	\$10.2	\$10.6	\$10.5	(\$0.1)	1.2%
Skills Center	\$1.0	\$1.0	\$1.3	\$0.4	0.2%
Comp Ed. - Ell	\$25.7	\$28.4	\$30.2	\$1.8	3.5%
Comp Ed. - Other	\$36.4	\$32.9	\$33.0	\$0.1	3.8%
Other Instructional Progs	\$34.4	\$44.2	\$53.4	\$9.1	6.2%
Community Services	\$1.8	\$0.6	\$0.7	\$0.1	0.1%
Food Services	\$14.0	\$15.1	\$15.8	\$0.7	1.8%
Pupil Transportation	\$33.2	\$34.3	\$37.5	\$3.2	4.4%
Support Services	<u>\$101.6</u>	<u>\$108.8</u>	<u>\$111.8</u>	<u>\$3.0</u>	13.0%
<b>Total Expenditures</b>	<b>\$710.6</b>	<b>\$789.7</b>	<b>\$857.7</b>	<b>\$68.0</b>	<b>100.0%</b>



# Budgeted Expenditures by Program

School Year 2017-18



Numbers may not add due to rounding



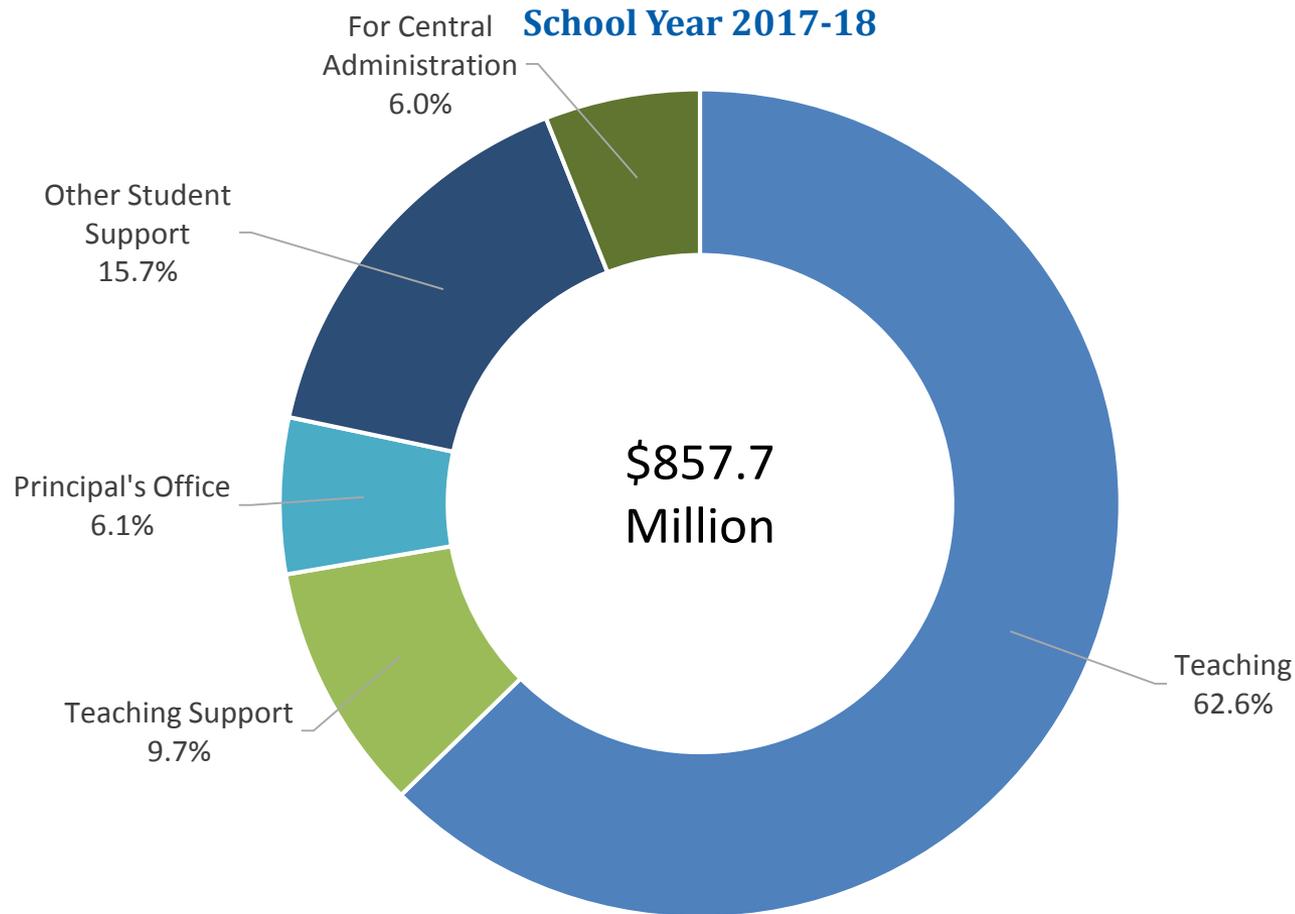
# Expenditures by State Activity

Dollars in Millions	2015-16 Actual	2016-17 Adopted	2017-18 Recommended	Change 2016-17 vs 2017-18	2017-18 Recommended Percent of Total
Teaching	\$425.8	\$480.3	\$536.8	\$56.5	62.58%
Teaching Support	\$74.6	\$85.6	\$83.0	(\$2.6)	9.68%
Principal's Office	\$46.3	\$49.8	\$52.2	\$2.4	6.09%
Other Student Support (Food Services, Utilities, Transportation, etc)	\$119.7	\$127.4	\$134.5	\$7.1	15.69%
Central Administration	<u>\$44.2</u>	<u>\$46.6</u>	<u>\$51.2</u>	<u>\$4.6</u>	5.97%
<b>Total Expenditures</b>	<b>\$710.6</b>	<b>\$789.7</b>	<b>\$857.7</b>	<b>\$68.0</b>	<b>100.00%</b>



Numbers may not add due to rounding

# Budgeted Expenditures by Activity Group



Numbers may not add due to rounding

# State Activity Groups Defined

- **Teaching** - Includes expenditures related to direct instruction of students. Includes instructional materials, basic instructional and student supplies, but does not include textbooks or instructional software.
- **Teaching Support** – includes support services related to teaching and student well-being. Includes, counseling, pupil safety, health related services, instructional professional development, textbooks, and instructional software.
- **Principal's Office** – Includes management and coordination at the school level. Includes the duties of the principal, assistant principal, attendance specialists, and school clerical staff.
- **Other Support** – Includes activities foundational to student success and the operation of schools but not directly in the context of student instruction. Includes Nutrition Services, Maintenance, Custodial Services, Grounds, Utilities, and Information Systems.
- **Central Administration** – Includes those activities related to management, regulation and control at the district level such as the Board of Directors, Superintendent's Office, Human Resources, Finance and Education Leaders. Also includes the management and administrative components of support areas such as Nutrition Services, Transportation, and Building Maintenance.

# Expenditures by State Object

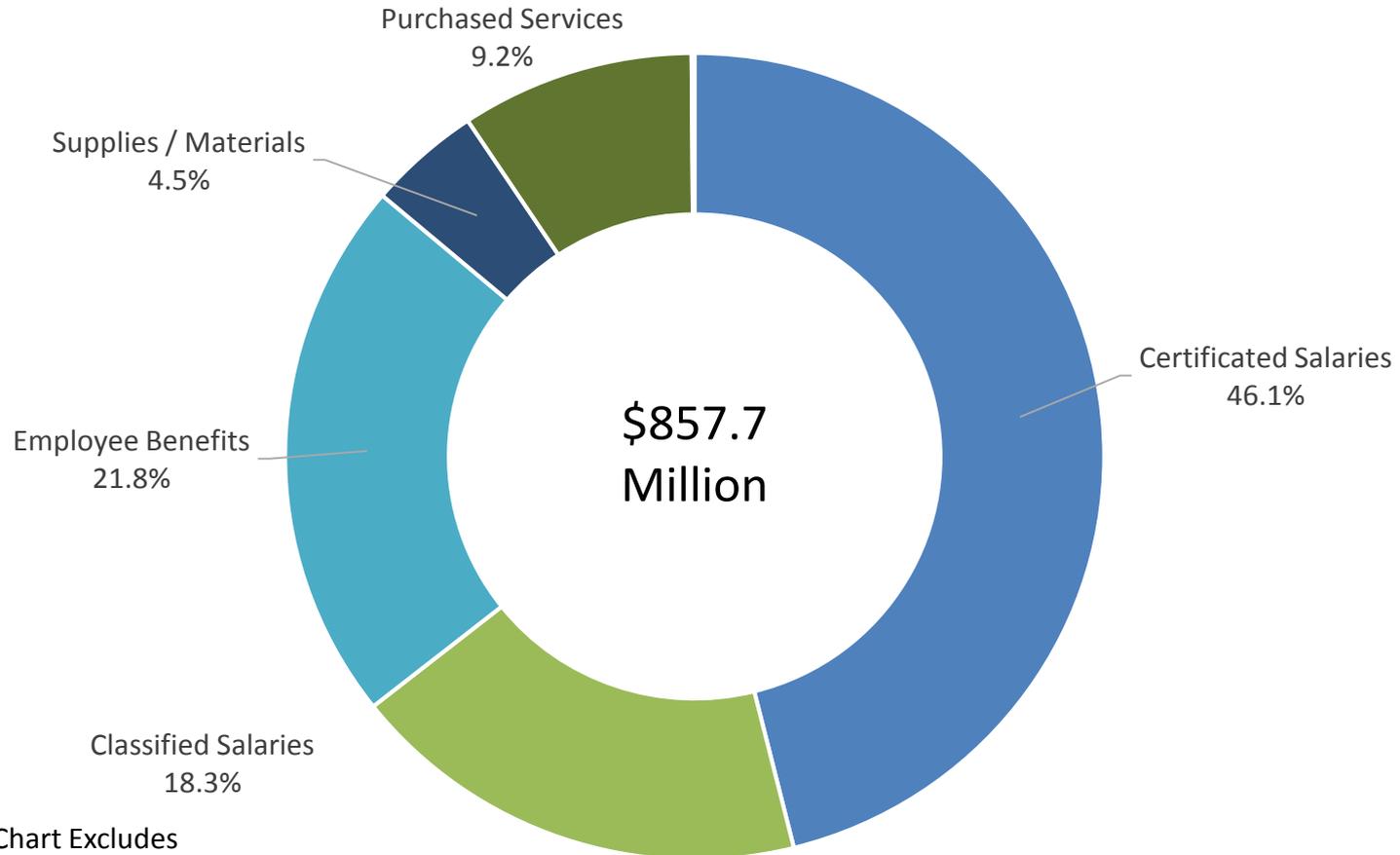
(Dollars in Millions)

Major Object		2015-16 Actual	2016-17 Adopted	2017-18 Rec.	Change	2017-18 Percent of Total
0	Debit Transfer	\$6.4	\$3.0	\$3.1	\$0.1	0.4%
1	Credit Transfer	(\$6.4)	(\$3.0)	(\$3.1)	(\$0.1)	(0.4%)
2	Cert. Salaries	\$316.0	\$360.9	\$395.5	\$34.5	46.1%
3	Class. Salaries	\$128.6	\$140.2	\$156.6	\$16.4	18.3%
4	Employee Benefits	\$153.5	\$165.7	\$187.3	\$21.6	21.8%
5	Supplies	\$27.4	\$48.1	\$38.2	(\$9.8)	4.5%
7	Purchased Services	\$82.8	\$74.2	\$79.1	\$5.0	9.2%
8	Travel	\$1.3	\$0.6	\$0.6	\$0.1	0.1%
9	Capital Outlay	<u>\$1.1</u>	<u>\$0.1</u>	<u>\$0.4</u>	<u>\$0.2</u>	<u>0.0%</u>
<b>Total</b>		<b>\$710.6</b>	<b>\$789.7</b>	<b>\$857.7</b>	<b>\$68.0</b>	<b>100.0%</b>



# Budgeted Expenditures by State Object

School Year 2017-18



\$857.7  
Million

Chart Excludes  
Travel: .07%  
Capital Outlay: .04%

Numbers may not add due to rounding

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# Comparison of Direct Services to Support Services

- Direct Services - \$690.0M (80.4%)
  - School allocation budget (Weighted Staffing Standard formula)
  - Centrally held budget for staff and supplies exclusively in the schools such as nurses, instructional assistants, custodians, bus drivers and food service workers
- Support Services- \$167.7M (19.6%)
  - Support staff not in schools but instrumental in running the district
  - Activities such as cost of processing payroll, paying bills, administering programs, managing grants, hiring staff, warehouse and delivery staff and technology support

# Maintenance Supplies & Operating Cost (MSOC) Funding vs Budgeted Expenditures FY2017-18

	State Funding	General Fund District Expenses
Technology	\$7.0	\$5.1
Utilities	\$14.8	\$12.5
Insurance	\$3.1	\$2.0
Curriculum & Textbooks	\$7.6	\$0.7
Other Supplies	\$15.0	\$14.8
Library Materials	\$1.0	\$0.0
Professional Development	\$1.2	\$4.4
Facilities Maintenance	\$8.8	\$13.9
Security and Student Safety	\$0.4	\$0.9
Central Office	<u>\$5.7</u>	<u>\$7.5</u>
<b>Total</b>	<b>\$64.6</b>	<b>\$61.7</b>
Excess of state funded MSOC resources above district budget was used to balance the 2017-18 budget and prevent further program reductions.		(\$2.9)



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# Next Steps

- July 17 – Budget submittal to ESD for error checking
- July 19 – Hold Required Public Hearing
- July 26 – Board Action to adopt FY17-18 budget
- August 18 – Budget loaded into SAP financial system
- September 5 – Approved budget due to ESD

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# Appendix

1. Districtwide Staff FTE Summary
2. School Funding Allocations

[https://www.seattleschools.org/UserFiles/Servers/Server\\_543/File/District/Departments/Budget/2018%20Budget%20Development/17-18%20Allocations/allocations18.pdf](https://www.seattleschools.org/UserFiles/Servers/Server_543/File/District/Departments/Budget/2018%20Budget%20Development/17-18%20Allocations/allocations18.pdf)

## DISTRICTWIDE STAFF FTE SUMMARY

JOB TYPE*	Budgeted FTE By Year		
	Adopted 2015-16	Adopted 2016-17	Rec. 2017-18
Superintendent	1.0	1.0	1.0
Deputy/Assistant Superintendent	2.5	2.5	2.4
Other District Administrator	42.0	41.7	42.2
Elementary Principal	70.0	71.0	73.0
Elementary Vice Principal	30.1	31.7	31.8
Secondary Principal	27.0	28.0	30.0
Secondary Vice Principal	61.0	61.8	60.0
Other School Administrator			1.0
Elementary Teacher	1,422.4	1,237.4	1,204.6
Secondary Teacher	1,025.1	1,044.8	1,047.7
Other Teacher	662.6	675.0	721.8
Elementary Specialist		256.5	269.8
Other Support Personnel	128.5	139.0	113.0
Library Media Specialist	63.6	63.2	64.5
Counselor	97.7	109.7	112.6
Occupational Therapist	30.8	37.6	43.0
Social Worker	2.7	2.3	2.5
Audiologist	78.3	79.8	87.8
Psychologist	55.1	58.5	60.9
Nurse	61.0	61.6	61.6
Physical Therapist	12.6	12.6	11.9
Extracurricular	10.2	10.2	10.2
Certificated on Leave	2.0	2.0	3.0
Classified on Leave	1.0	1.0	1.0
Aide	1,059.0	1,118.7	1,105.4
Crafts/Trades	105.0	107.0	101.0
Office/Clerical	356.5	355.9	365.0
Operator	15.0	15.0	15.0
Professional	159.0	173.2	179.2
Service Worker	377.7	396.4	418.1
Technical	16.3	21.3	37.6
Director/Supervisor	95.9	100.9	104.0
<b>GRAND TOTAL</b>	<b>6,071.4</b>	<b>6,317.2</b>	<b>6,382.3</b>

\* As defined by state duty code