

Board Special Meeting
Work Sessions: Budget; State Auditors Exit Conference
Tuesday, May 7, 2019, 4:30 – 7:00 p.m.
Auditorium, John Stanford Center
2445 3rd Avenue S, Seattle, WA 98134



Agenda

<u>Call to Order</u>	4:30pm
<u>Work Session: Budget</u>	4:30pm
<u>Work Session: State Auditors Exit Conference</u>	6:00pm
<u>Adjourn</u>	7:00pm*

*Special meetings of the Board, including work sessions and retreats, may contain discussion and/or action related to the items listed on the agenda. Executive sessions are closed to the public per RCW 42.30. *Times given are estimated.*



Budget Work Session Presentation

May 7, 2019

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For questions and more information about this document, please contact the following:

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Review of the budget timeline, capital budget overview and restoration.

Budget Work Session

May 7, 2019



Agenda

1. Budget timeline and out year projections
2. Restoration
3. Capital Budget Overview



Outcomes

1. Restoration process reviewed, options discussed and consensus reached
2. Capital budget overview discussed



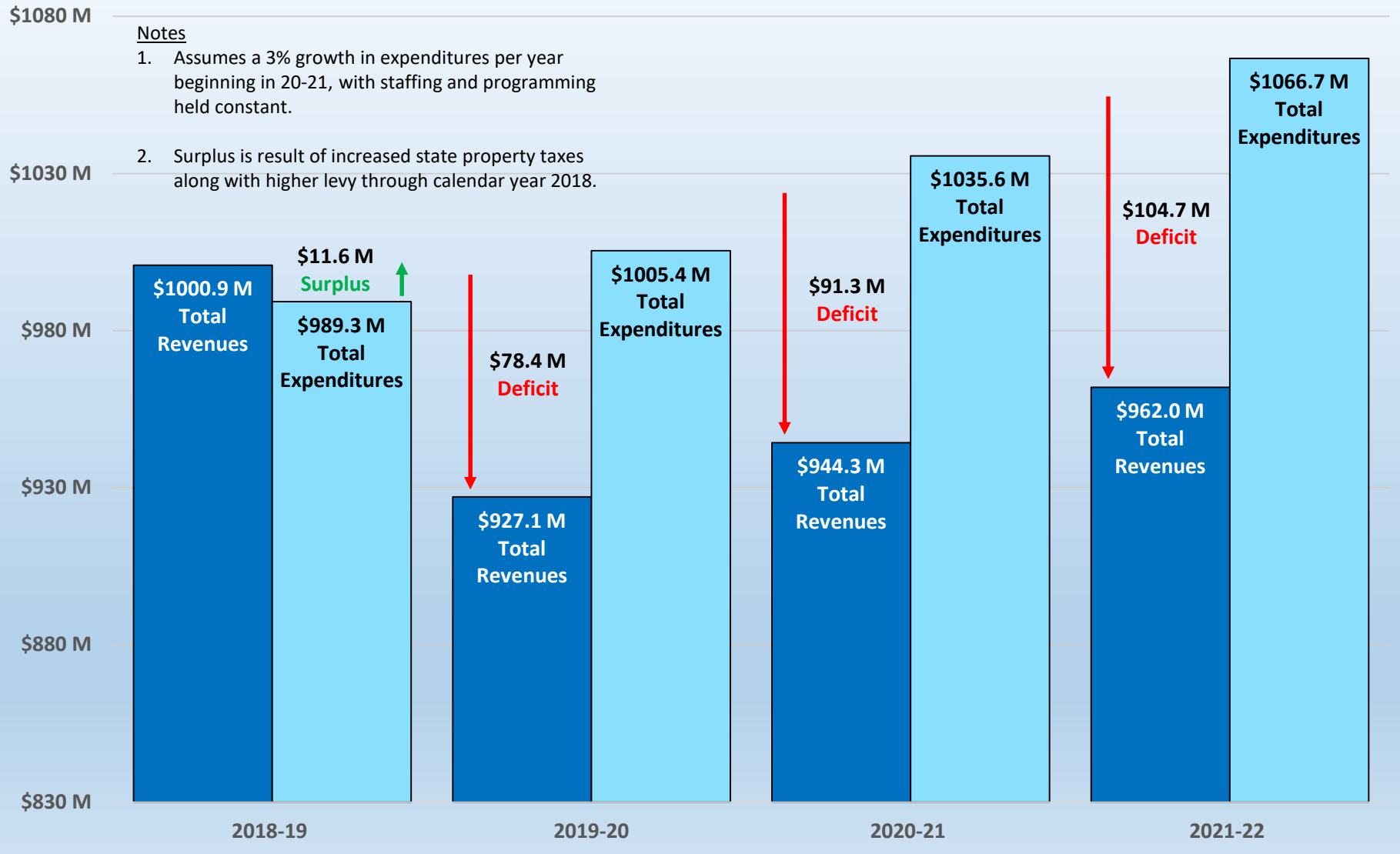
FY 2019-20 Budget Development Calendar

- **September 26, 2018** - Budget Work Session
- ~~**October 24, 2018** - Budget Work Session~~
 - ~~Review 2017-18 final numbers~~ - Cancelled
- **November 28, 2018** - Budget Work Session
- **December 12** - Budget Work Session/ WSS Committee recommendations
- **January 14 to April 30** State Legislative Session
- **January 16, 2019** - Budget Work Session to review recommendations
 - Review WSS Changes
 - Review Overall major budget changes
 - Consensus on budget
- **January 30, 2019** - Budget Work Session
- **January 15 to February 1** – Central budgets developed
- **February 28 26, 2019** – Budget Allocations to Schools
- **March 6, 2019** – Budget Work Session
- **April 3, 2019** – Budget Work Session
- **May 2019** – Final General Fund Balancing, Budget Book development
- **May 7, 2019** – Budget Work Session
- **June 10, 2019** – Board Action Report and Budget Resolution to A&F
- **June 26, 2019** – Introduce Budget to Board
- **July 3, 2019** – Required Public Hearing
- **July 10, 2019** – Board Action to adopt school year 2019-20 budget



Budget Outlook Summary For School Years 2018-19 through 2021-22

All numbers are estimates as of September 2018

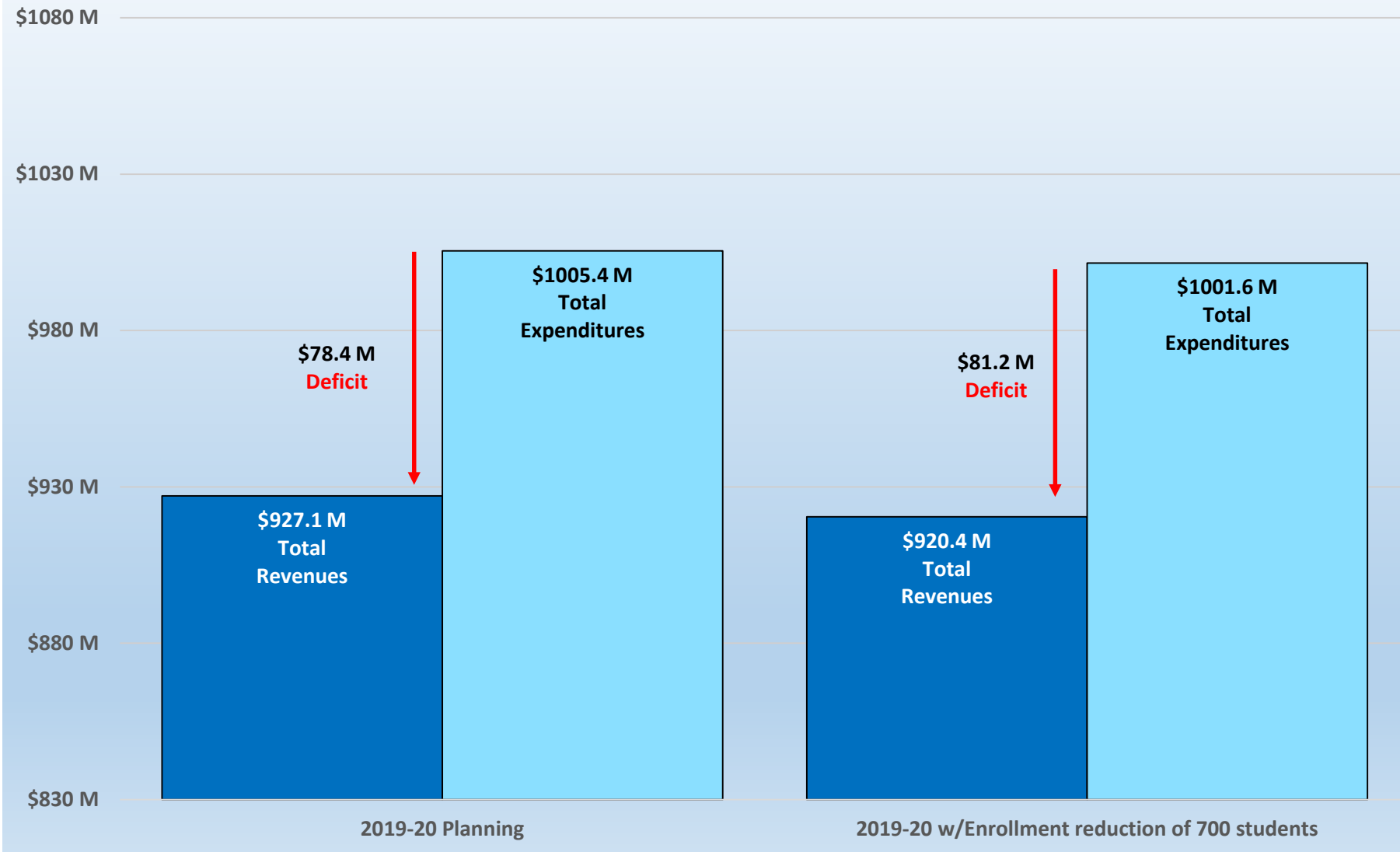


Notes

1. Assumes a 3% growth in expenditures per year beginning in 20-21, with staffing and programming held constant.
2. Surplus is result of increased state property taxes along with higher levy through calendar year 2018.



Budget Outlook Summary For School Years 2019-20 before and after enrollment loss



2019-20 Budget Balancing				Superintendent's Recommendations/ Consensus Reached on Jan 16, 2019	Notes
		Options			
		Total projected deficit	(\$78,400,000)	(\$78,400,000)	
✓	1	2017-18 underspend	\$22,000,000	\$22,000,000	Majority is savings from vacancies
	2	Fund Balance planned to help 2019-20	\$5,000,000	\$5,000,000	
	3	Unassigned Fund Balance	\$3,700,000	\$3,700,000	Would leave only the economic stabilization fund to fall back on
✓	4	2018-19 Underspend	\$5,000,000	\$8,000,000	A large portion of the 2018-19 underspend will be needed for 2020-21
	5	Remaining deficit	(\$42,700,000)	(\$39,700,000)	
		Items for Consideration			
✓	6	Reduce Economic Stabilization Fund to 3%	\$2,000,000	\$ 2,000,000	Reduced the economic stabilization fund down to minimum of 3%
✓	7	Move \$3m of infrastructure costs to capital	\$3,000,000	\$3,000,000	Total amount approved was \$4m, this is the amount that is capital eligible
✓	8	Curriculum (18-19 and 19-20 = \$7m)	\$11,000,000	\$7,000,000	\$6m of the \$7m for 2018-19 is not yet committed
✓	9	24 Credit Resources (18-19 and 19-20 = \$11m)	\$13,000,000	\$11,000,000	\$11m over 18-19 and 19-20
	10	Transportation Changes			
	11	Move Middle school to Metro (placeholder, waiting for estimate)	\$500,000	\$0	
	12	Add third tier to buses (revert to previous 2/3 tier mix)	\$2,500,000	\$0	
	13	Eliminate Option School buses (could result in loss of revenue, TBD)	\$0	\$0	
✓	14	Central Reductions	\$2,500,000	\$2,500,000	2.5% reduction, not all previous reductions were restored
✓	15	Fall Enrollment Adjustments and mitigations	\$4,000,000	\$2,000,000	Leaves \$4m in total
✓	16	WSS - School Based Reductions	\$16,500,000	\$12,200,000	\$12.2m is a 2.5% reduction; \$16.5 is a 3.4% reduction
	17	Total of Items for Consideration	\$53,000,000	\$ 39,700,000	

Restoration Plan Recommendation

1. Fully restore WSS - \$12.2m
2. Restore 50% of:
 - Fall Enrollment
 - Central Admin funding
3. Prorate the remaining:
 - Fall Enrollment
 - Central Admin funding
 - Curriculum
 - 24 credits

Note: Central Admin and Fall Enrollment are recommended to be first, as these impact staffing positions.

Restoration Options

2019-20 Budget Balancing						
		Options	Superintendent's Recommendations/ Consensus Reached on Jan 16, 2019	Restore 1 & 2 from list	Restoration of \$16.5m from Leg on April 28, 2019 - Option A	Restoration of \$16.5m from Leg on April 28, 2019 - Option B Strict Proration
	Total projected deficit	(\$78,400,000)	(\$78,400,000)			
1	2017-18 underspend	\$22,000,000	\$22,000,000			
2	Fund Balance planned to help 2019-20	\$5,000,000	\$5,000,000			
3	Unassigned Fund Balance	\$3,700,000	\$3,700,000			
4	2018-19 Underspend	\$5,000,000	\$8,000,000			
5	Remaining deficit	(\$42,700,000)	(\$39,700,000)			
	Items for Consideration					
6	Reduce Economic Stabilization Fund to 3%	\$2,000,000	\$ 2,000,000			
7	Move \$3m of infrastructure costs to capital	\$3,000,000	\$3,000,000			
8	Curriculum (18-19 and 19-20 = \$7m out of \$12m total)	\$11,000,000	\$7,000,000			\$ 708,642
9	24 Credit Resources (18-19 and 19-20 = \$11m)	\$13,000,000	\$11,000,000		\$1,050,000	\$ 1,113,580
14	Central Reductions	\$2,500,000	\$2,500,000	\$1,250,000	\$1,250,000	\$1,376,543
15	Fall Enrollment Adjustments and mitigations	\$4,000,000	\$2,000,000	\$1,000,000	\$2,000,000	\$ 1,101,234.57
16	WSS - School Based Reductions	\$16,500,000	\$12,200,000	\$12,200,000	\$12,200,000	\$12,200,000
17	Total of Items for Consideration	\$53,000,000	\$ 39,700,000	\$ 14,450,000	\$ 16,500,000	\$ 16,500,000
	Difference	\$10,300,000	\$0			
	Restoration remaining		\$ 2,050,000	\$ 2,050,000		



Legislative Funding Update

- Levy restored from \$2,500 per pupil to \$3,000 per pupil
= \$14.2m in additional revenue in 2019-20
- Special education multiplier increased from .9609 to .9925
= \$2.3m in additional revenue in 2019-20

\$16.5m Funds for Restoration

Option A

- Follows restoration plan #1 and #2, which leaves \$2,050,000
- Given small amount remaining, and updated projection from 24 credits, recommending \$1,050,000 for 24 credits and fully restoring Fall Enrollment funds

Option B

- Follows restoration plan, with strict prorating

Capital Budget Overview

SPS Capital Fund

	Actual 2017-18	Budget 2018-19	Recommended 2019-20
Beginning Fund Balance	27,054,693	60,760,282	40,416,843
Total Revenue and Other Financing Sources	216,472,797	280,532,332	349,695,856
Total Direct Expenditures	178,274,109	303,424,622	348,349,820
Total Direct Transfers	19,145,038	23,385,202	28,400,024
Ending Fund Balance	\$ 46,108,343	\$ 14,482,790	\$ 13,362,854

FY 2019-20 Capital Projects Funding Sources

	Recommended FY 2019-20
Levy Collections (Local Taxes)*	256,942,291
Lease Income and Interest Earnings	3,803,907
Distressed Schools Funding	7,355,480
Class Size Reduction Funding	7,000,000
SCAP Funding	11,327,178
Parks & Recs Partnership/SCL	2,400,000
E-Rate Funding	867,000
Cash Flow Bond**	60,000,000
	TOTAL \$ 349,695,856

* Includes late Levy Collections estimate.

** This is the fourth year for this placeholder. No cash flow bond has been needed to date.

Available Non-Levy, State Funding Sources

Distressed Schools Funding - \$37,986,000 Total Amount Available (2019-20 planned use of \$7,355,480)

\$10,000,000 To re-open EC Hughes Elementary School in Fall 2018
To re-open Magnolia Elementary School (Phase I) in Fall 2019

\$19,586,000 To address extraordinary growth and building repairs at:
Cedar Park Elementary School
Magnolia Elementary School (Phase II)
West Woodland Elementary School
Viewlands Elementary School
John Rogers Elementary School

\$500,000 To fund Exterior Sun Shades at Eckstein Middle School

\$7,900,000 To fund a six-classroom addition at Frantz H. Coe Elementary School

Class Size Reduction - \$10,000,000 Total Amount Available (2019-20 planned use of \$7,000,000)

\$10,000,000 To assist in implementing reduced class sizes for K-3 district wide

School Construction Assistance Program (SCAP) - \$63,334,290 Total Amount Available (2019-20 planned use of \$11,327,178)

\$23,943,688 BEX V - to fund building costs at eight (8) District Schools. The amount is subject to change.

\$4,278,919 BTA IV - to fund building costs at two (2) District Schools. The amount is subject to change.

\$35,111,683 BEX IV - To fund building costs at thirteen (13) District Schools. The amount is subject to change.

FY 2019-20 Capital Activity by Program/Levy

Source	Beginning Capital Fund Balance 2019-20	Anticipated Revenue 2019-20 ¹	Intra-Fund Transfers ²	Inter-Fund Transfers ³	Recommended Expenditures 2019-20	Ending Fund Balance 2019-20
BEX V Levy	0	190,051,300	(1,000,000)	10,699,154	73,683,350	105,668,796
BTA IV Levy	(84,052,309)	84,467,359	0	16,936,345	128,638,683	(145,159,978)
BEX IV Levy	65,421,952	65,321,463	0	0	90,029,242	40,714,173
BTA III Levy	37,860,664	7,960,000	0	0	14,039,470	31,781,194
BEX III Bond	1,517,862	224,092	0	0	600,000	1,141,954
BTA II Levy	1,322,007	22,875	0	0	0	1,344,882
CEP/ CS ⁴	18,346,667	1,648,766	1,000,000	764,525	600,000	18,630,908
Capital Capacity Reserve ⁵	0	0	0	0	40,759,075	(40,759,075)
Grand Total	\$40,416,843	\$349,695,856	\$0	\$28,400,024	\$348,349,820	\$13,362,854

¹ Includes an "as-needed" Cash Flow Loan

² Intra-Fund Transfer for Playground Redevelopment (CEP/CS Payback)

³ Includes General Fund and Debt Service Fund Transfers

⁴ CEP (Capital Eligible Program) / CS (Community Schools) Primary Funding is from Surplus Property Sales and Facility Rental/Lease Income

⁵ Assumes Capital Capacity Reserve is 100% Spent

FY 2019-20 Recommended Total Use of Capital Funds

	Recommended FY 2019-20
Additions, Modernizations, and Reopenings	148,555,480
Roof, Seismic, and Facility Improvements	57,722,566
Playgrounds, Fields, Field Lights, and Academics	26,089,866
District Wide Support and Program Support Services	29,890,000
Transfers (Includes Technology)	28,400,024
Technology Enhancements and Modernizations	45,332,833
Program Reserve	40,759,075
Total Recommended Capital Budget FY 2019-20	\$ 376,749,844

FY 2019-20 Recommended Capital Project Expenditures

Building Additions, Modernizations, and Reopenings

Project/Site	Opening Date	Annual Budget
Aki Kurose MS Design	TBD	2,000,000
Carryforward of 2017-19 Projects	Varies	655,480
Daniel Bagley ES Modernization & Addition	Fall 2020	31,000,000
Frantz H. Coe ES 6 Classroom Addition	Fall 2021	3,500,000
Ingraham HS Modernization & Addition	Fall 2019	6,000,000
Kimball ES New Construction	Fall 2023	2,000,000
Lincoln HS Modernization/Reopening	Fall 2019	10,200,000
Lincoln HS Theater	Fall 2020	1,500,000
Magnolia ES Reopening	Fall 2019	4,000,000
Magnolia ES 6 Classroom Addition	Fall 2021	2,500,000
Northgate ES New Construction	Fall 2023	2,000,000
Queen Anne ES Addition	Fall 2019	1,900,000
Rainier Beach HS New Construction	Fall 2025	3,100,000
Van Asselt Classroom Addition	Fall 2021	16,000,000
Viewlands ES New Construction	Fall 2023	2,000,000
Webster School Modernization	Fall 2020	20,000,000
West Seattle ES Classroom Addition	Fall 2022	1,200,000
West Woodland ES 10 Classroom Addition	Fall 2021	8,000,000
Wing Luke ES New Construction	Fall 2020	31,000,000
Total		\$ 148,555,480

FY 2019-20 Recommended Capital Project Expenditures

Roof, Seismic, and Facility Improvements

Project/Site	Opening Date	Annual Budget	Project/Site	Opening Date	Annual Budget
African American Academy Roof	Fall 2020	3,003,505	Eckstein MS Science Lab	Fall 2020	1,000,000
Carryforward of 2018-19 Projects	Varies	7,350,000	Franklin HS Doors, Windows, Masonry	Fall 2020	7,060,892
Franklin HS Gym Roof	Fall 2021	687,834	Garfield HS Exterior Doors	Fall 2020	478,485
Graham Hill ES Seismic	Fall 2020	278,792	Garfield HS Exterior Cladding	Fall 2020	444,621
Lafayette ES Seismic	Fall 2020	699,060	Gatewood ES HVAC	Fall 2021	1,150,000
Lincoln HS Seismic	Fall 2020	1,298,419	Gatewood ES Exterior Doors	Fall 2021	33,000
McClure MS Seismic	Fall 2020	912,677	Green Lake ES Exterior Doors	Fall 2021	26,000
Memorial Stadium Roof	Fall 2020	46,515	Jane Addams MS Site Improvements	Fall 2020	2,766,632
North Beach ES Seismic	Fall 2020	300,000	Lafayette ES HVAC & Sprinkler	Fall 2020	2,299,310
North Queen Anne ES Seismic	Fall 2021	525,097	Leschi ES Exterior Doors	Fall 2021	37,000
North Queen Anne ES Roof	Fall 2019	800,000	McClure MS Science Lab	Fall 2021	1,000,000
Roxhill School Seismic	Fall 2020	176,771	North Beach ES Exterior Doors	Fall 2020	84,056
Washington MS Seismic	Fall 2020	4,523,877	North Beach ES Site Improvements	Fall 2020	537,236
Wedgewood ES Seismic	Fall 2020	737,511	North Queen Anne ES Electrical Service	Fall 2020	850,000
Wedgewood ES Roof	Fall 2020	1,725,916	North Queen Anne ES Exterior Doors & Windows	Fall 2020	557,878
West Seattle HS Roof	Fall 2020	7,473,599	North Queen Anne ES Fire Suppression/Safety Syst	Fall 2020	256,376
Whitman MS Seismic	Fall 2020	2,577,588	North Queen Anne ES HVAC	Fall 2021	1,497,858
Adams ES Sprinkler	Fall 2020	500,645	Sacajawea ES Site Improvements	Fall 2020	515,863
Ballard HS Masonry, Cladding	Fall 2020	557,000	Wedgewood ES Exterior Doors	Fall 2020	121,523
Blaine ES Exterior Doors	Fall 2021	63,208	Whitworth/ORCA K8 Exterior Doors	Fall 2021	27,000
Boren K8 HVAC	Fall 2021	872,974	Whitworth/ORCA K8 Fire Alarm Upgrades	Fall 2021	65,000
Carryforward of 2018-19 Projects	Varies	1,650,000	Whitworth/ORCA K8 Door and Window Alarms	Fall 2021	28,000
Chief Sealth HS Security Gates	Fall 2020	124,848			
Total					\$ 57,722,566



FY 2019-20 Recommended Capital Project Expenditures

Playgrounds, Fields, Field Lights, and Academics District Wide

Playground Sites	Opening Date	Annual Budget	Project/Site	Opening Date	Annual Budget
Beacon Hill International ES	Fall 2020	83,232	AED Defibrillator Batteries DW	Ongoing	50,000
Blaine ES	Fall 2021	22,000	Ballard HS Field	Fall 2020	1,642,014
Dearborn Park ES	Fall 2020	166,464	Carryforward of 2018-19 Projects	Varies	2,950,000
Dunlap ES	Fall 2020	145,656	Emergency Field Repairs DW	Ongoing	300,000
Gatewood ES	Fall 2021	38,000	Ingraham HS Field	Fall 2021	121,000
Green Lake ES	Fall 2020	145,656	James Madison MS Field	Fall 2020	2,164,032
Hawthorne ES	Fall 2020	145,656	Jane Addams MS Field & Field Lights	Fall 2020	2,283,768
Jane Addams MS (Includes Demolition)	Fall 2020	41,616	Nathan Hale HS Field	Fall 2020	1,300,000
John Hay ES	Fall 2021	38,000	West Seattle HS Field	Fall 2020	291,312
Leschi ES	Fall 2021	22,000	Whitman MS Field Lights	Fall 2020	1,005,026
Lowell ES	Fall 2020	145,656	Academics (New) and Program Placement DW	Ongoing	288,000
Maple ES	Fall 2020	169,728	Capacity Management & Planning	Ongoing	4,000,000
McGilvra ES	Fall 2020	87,394	Carryforward of 2018-19 Projects	Varies	550,000
Olympic View ES	Fall 2020	145,656	Class Size Reduction (CSR)	Ongoing	7,000,000
View Ridge ES	Fall 2021	38,000	Program Placement (Curriculum)	Ongoing	200,000
Whitworth/ORCA K8	Fall 2019	10,000	Special Education DW	Ongoing	500,000
Total					\$ 26,089,866

FY 2019-20 Recommended Capital Project Expenditures

District Wide Support and Program Support Services

Project/Site	Opening Date	Annual Budget
Custodial/Grounds/Maintenance Equipment DW	Ongoing	500,000
Downtown Schools Study	Ongoing	4,000,000
Emergency Projects @ Various Locations	Ongoing	300,000
Nutritional Services Equipment (Includes JSCEE Freezer)	Ongoing	1,250,000
Property Acquisition	Ongoing	8,000,000
Reserve/Capacity Management/Escalation	Ongoing	4,000,000
Security Equipment/Systems DW	Ongoing	1,000,000
Security Cameras/Systems DW	Ongoing	1,000,000
Water Testing and Risk Management	Ongoing	100,000
Web-Based Facilities Archives	Ongoing	10,000
Lunch Room Tables - Various Locations DW	Ongoing	100,000
Future Levy Planning	Ongoing	500,000
Moving & Relocation	Wtr 2020	300,000
Property Management (CEP)	Fall 2020	300,000
Project Management (PM) Software Licenses	Fall 2020	200,000
Staff (Direct & Indirect)/Capital Administration	Fall 2020	8,300,000
Volunteer Projects @ Multiple Locations	Fall 2020	30,000
Total		\$ 29,890,000



FY 2019-20 Recommended Capital Project Expenditures

Capital Transfers (Non Technology Fund)

<u>Project</u>	<u>Annual Budget</u>
JSCEE Series A Bond (Debt Service Transfer)	2,819,525
Loan Repayment - Playgrounds (Intra-Fund Transfer)	1,000,000
Facilities Technology	210,000
Major Preventative Maintenance (MPM)	8,250,000
Measures of Academic Progress (MAP)/Student Assessment Licenses	400,000
Total	\$ 12,679,525

FY 2019-20 Recommended Capital Project Expenditures

District Wide Technology Support

Project	Annual Budget	Project	Annual Budget
Student Learning and Support		Infrastructure and Security	
Digital Resources	618,870	Data Center and Cloud	2,092,773
Classroom AV	2,500,000	Staff Technology	948,841
Staff Technology	124,326	Physical Security	1,557,999
Classroom Technology	9,648,906	Network	3,988,148
Contingency Reserve	8,000,000	Project Management	176,176
Software & Maintenance	1,638,737 *	Telecommunications	4,368,316
Staff (36.80 FTE)	4,848,548 *	Software & Maintenance	3,180,285 *
		Staff (18.30 FTE)	2,614,515 *
District Systems and Data			
Business Systems	1,362,554		
Digital Transformation	1,825,772		
Data Systems	2,051,928		
Student Systems	2,520,738		
Software and Maintenance	2,380,977 *		
Staff (34.25 FTE)	5,604,923 *		
Total			\$ 62,053,332 **

* A Portion of this Expenditure is recorded in the General Fund and a Transfer from the Capital Fund will be made at Fiscal Year End.

** Total Direct Expenditures are \$45,332,833 and Total Transfer of Expenditures are \$16,720,499.

FY 2019-20 Recommended Capital Fund Budget

	Recommended 2019-20
Beginning Fund Balance	40,416,843
Total Revenue and Other Financing Sources	349,695,856
Total Direct Expenditures	348,349,820
Total Direct Transfers	28,400,024
Ending Fund Balance	\$ 13,362,854

Outcomes

1. Restoration process reviewed, options discussed and consensus reached
2. Capital budget overview discussed



Questions?

