Seattle Public Schools

Budget Work Session

www.seattleschools.org | April 28, 2021

Agenda

1. Finalize FY2021-22 solutions
2. Elementary and Secondary School Emergency Relief Funds (ESSER)
3. Economic Stabilization Fund
4. Potential enrollment restoration to schools
5. 2021 Legislative Session

FY21-22 Estimated Financial Gap

Revenue & Other Resources	$	1,030,525,426
Expenses	$	(1,100,333,183)
Resource Gap	**$**	**(69,807,757)**
Use of Prior year savings (unrestricted fund balance)	$	21,807,757
Anticipated funding Gap to solve	$	(48,000,000)

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Current Status of FY21-22 Recommendation

Identified Deficit		$	69,807,757
Solutions			
	Use of Unrestricted Fund Balance	$	(21,807,757)
	Balance to solve	**$**	**48,000,000**
Options currently discussed			
	~~Use of Economic Stabilization Fund*~~	~~$~~	~~(19,400,000)~~
	Use of ESSER Funds to cover FY21 staffing	$	(19,400,000)
	Capital Fund Transfer	$	(10,037,000)
	Reductions to District Programs	$	(12,322,505)
	Reductions to Schools	$	(6,240,495)
		$	-

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Updated Three Year Outlook

General Fund Position over three years	Available resources		2021-22		2022-23		2023-24
Revenues		$	1,030,525,426	$	1,049,618,050	$	1,066,551,553
Expenditures		$	1,100,333,183	$	1,133,152,318	$	1,167,146,887
Resource Gap		**$**	**(69,807,757)**	**$**	**(83,534,268)**	**$**	**(100,595,334)**

*Assumption of revenues and expenditures being held constant is for illistration purposes only.

Current Proposed Solutions

General Fund Position over three years	Available resources		2021-22		2022-23		2023-24
Revenues		$	1,030,525,426	$	1,049,618,050	$	1,066,551,553
Expenditures		$	1,100,333,183	*$*	*1,114,589,318*	*$*	*1,148,026,998*
Resource Gap		$	(69,807,757)	$	(64,971,268)	$	(81,475,445)

Solutions				Current Plan		Potential		
Annual underspend, which equals all of our available fund balance	$	20,000,000	$	21,807,757	$	10,000,000	$	10,000,000
Economic Stabilization Fund - one time	$	38,700,000	$	-	$	19,400,000	$	-
ESSER funds - one time			$	19,400,000	$	15,600,000		
Capital Funds - one time extended	$	10,000,000	$	10,037,000	$	-	$	-
Total remaining gap			$	(18,563,000)	$	(19,971,268)	$	(71,475,445)
Reduction to District Programs	$	10,000,000	$	12,322,505	$	-	$	-
Reduction to School Allocations	$	40,000,000	$	6,240,495	$	-	$	-
Total remaining gap			$	-	$	(19,971,268)	$	(71,475,445)

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Elementary and Secondary School Emergency Relief Funds (ESSER)

ESSER Funds											
	FY19-20		FY20-21			FY20-21		FY21-22		Total	
	ESSER I		ESSER II			ESSER III		ESSER III		ESSER III	
Amount	$	10,709,835	$	41,396,439						$	92,971,000
Indirect	$	1,285,481	$	4,968,738						$	9,975,999
Direct resources available	$	9,424,354	$	36,427,701						$	82,995,001
Spend Plan	*All claimed Oct '20*		*Approved*			*Not Yet Approved*					
Covid costs-Tech/Custodians/supplies	$	(9,424,354)								$	-
Covid costs-PPE supplies						$	(6,000,000)	$	(3,200,000)	$	(9,200,000)
Tech						$	-	$	(18,000,000)	$	(18,000,000)
Staffing FY20-21			$	(31,000,000)		$	(3,450,353)			$	(3,450,353)
Transportation backfill								$	(19,500,000)	$	(19,500,000)
Comp Ed - special ed						$	(3,500,000)	$	(6,500,000)	$	(10,000,000)
Reopening - HVAC/HEPA filters/Custodial cleaning			$	(5,500,000)				$	(1,000,000)	$	(1,000,000)
Summer school						$	(3,000,000)	$	(3,000,000)	$	(6,000,000)
TA with SEA						$	(5,800,000)			$	(5,800,000)
21-22 learning loss								$	(10,000,000)	$	(10,000,000)
Balance	$	-	$	(72,299)						$	44,648

ESSER Funds Usage from FY20-21 Staffing

- Use $35M to cover extra school and program staff in FY20-21
  - Replace planned $19.4M of Economic Stabilization usage to balance FY21-22
  - Apply balance of funds, $15.6M toward FY22-23 anticipated funding deficit
- $19.4M of Economic Stabilization Funds now available to assist the FY22-23 deficit

Committed/Minimum Fund Balance Percent for FY20-21 Year End Planning

Economic Stabilization Fund	Percent	Dollars	Dollar Amount Change
FY 2017-18	3.00%	$24,500,000	$1,900,000
FY 2018-19	3.00%	$27,600,000	$3,100,000
FY 2019-20	4.00%	$38,700,000	$11,100,000
FY 2020-21	4.00%	$38,700,000	$0

Planning change to use ESSER Funds maintains the Economic Stabilization Fund at 4%

2021-22 Projections Methodology

- 2020-21 enrollment data is expected to be an outlier due to the pandemic and remote learning.
- Enrollment Planning used two models for 2021-22 projections given the uncertainty of whether all grades will return for in-person instruction in the fall.
- **Higher "Capital" Model:** assumes return to in-person instruction and is mostly based on SPS Moderate projection model.
- **Lower "Budget/Staffing" Model:** assumes continued virtual instruction and is based upon the 3-year average grade progression rates, two of which had net declines across the district.

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2021-22 Projection Review (June)

- In line with historical practice, Enrollment Planning will review current student assignments at the beginning of June.
- Enrollment Planning will then adjust the projection with the assumption that more students may return in fall 2021 given the availability of vaccines.
- This will be reviewed by the Budget Office, and staffing adjustments will be made accordingly before the end of the school year.
- The current projected headcount for October 2021 is 52,165, and the June projection is anticipated to be higher.

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Major Legislative Changes

- Increase in expected transportation funding allocations

Year	Previous Projection	Conference Budget	Funding Increase
2020-21	$ 9,778,381	$ 20,159,893	$ 10,381,512
2021-22	$ 19,040,965	$ 33,064,730	$ 14,023,765

- Increase in counselor allocation of 16.7 FTE for high poverty schools in FY22-23
  - K-5 (8.9 FTE)
  - 6-8 (3.8 FTE)
  - 9-12 (4.0 FTE)

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Feedback

1. Use of ESSER Funds/Engagement
2. Economic Stabilization Fund
3. Potential enrollment restoration for schools

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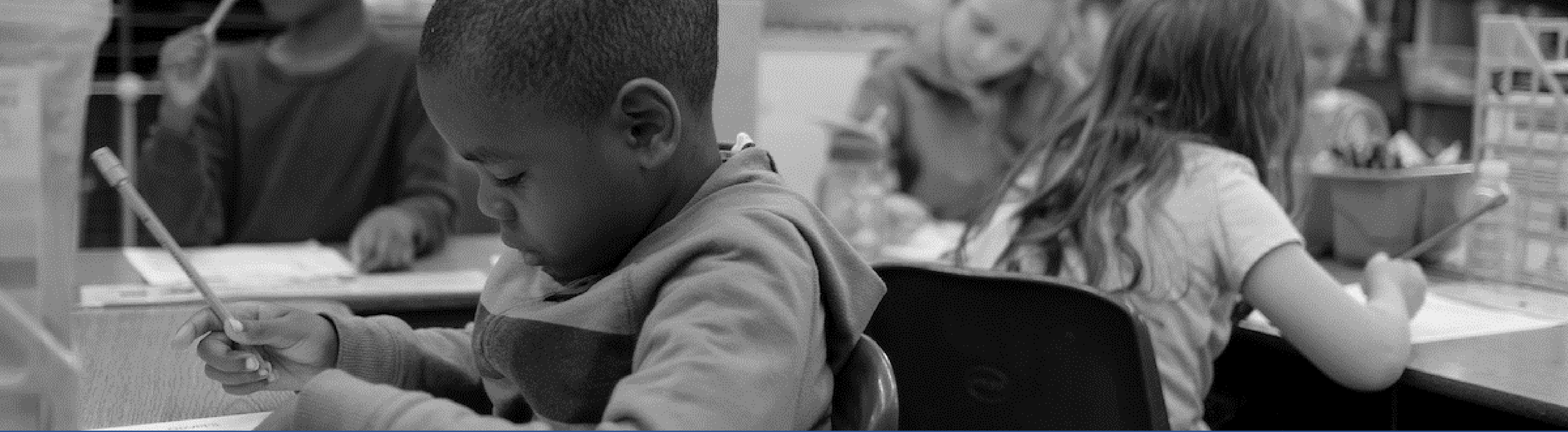

Questions?

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