



Seattle Public Schools

Budget Overview

www.seattleschools.org | October 27, 2021

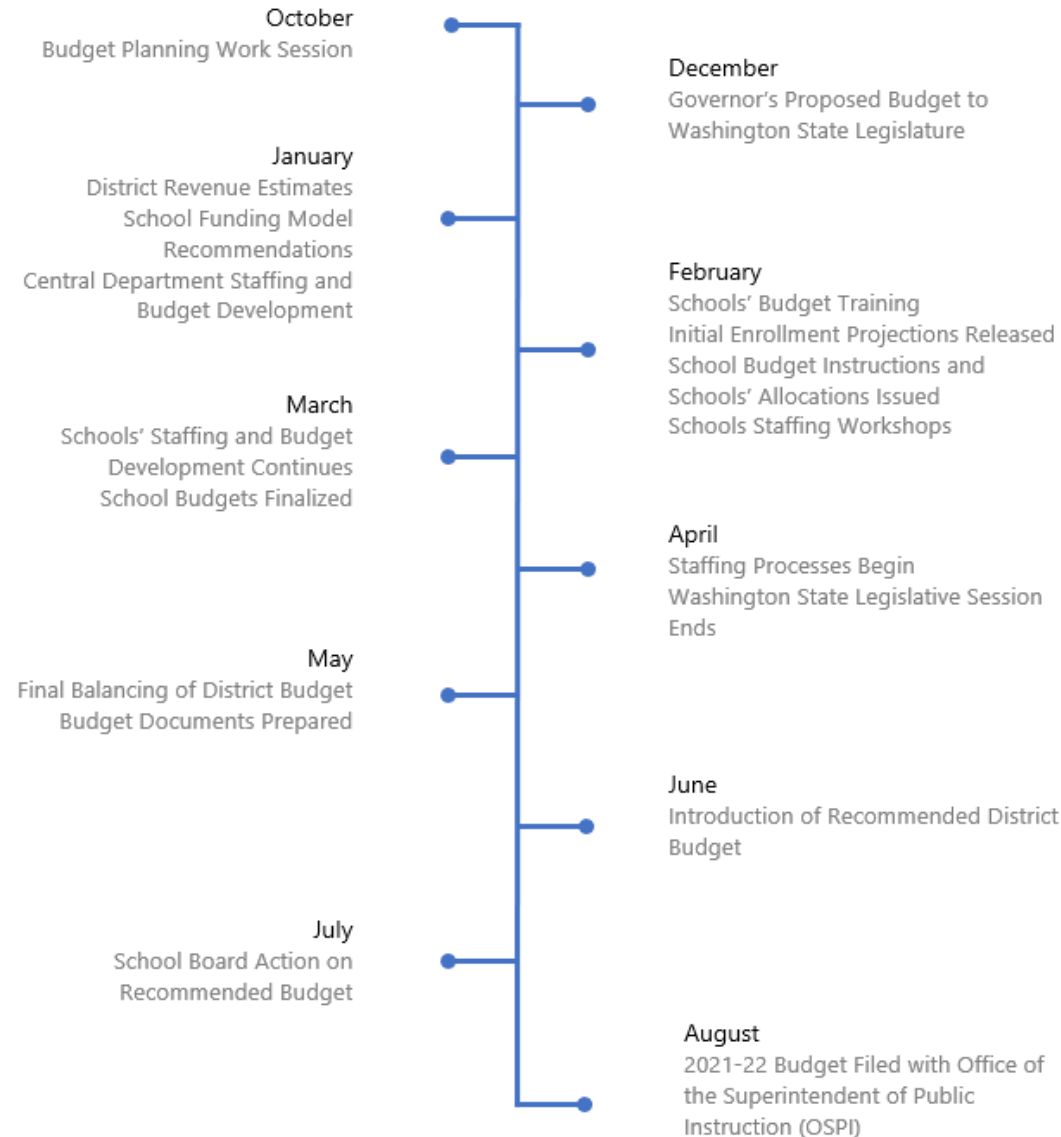


Agenda

1. Annual budget timeline and activities
2. Operating revenue sources, who provides them and what they are based on
3. Major expenditures types; what drives them and what budget flexibility is based on
4. School Year 2023 Planning
5. Resources

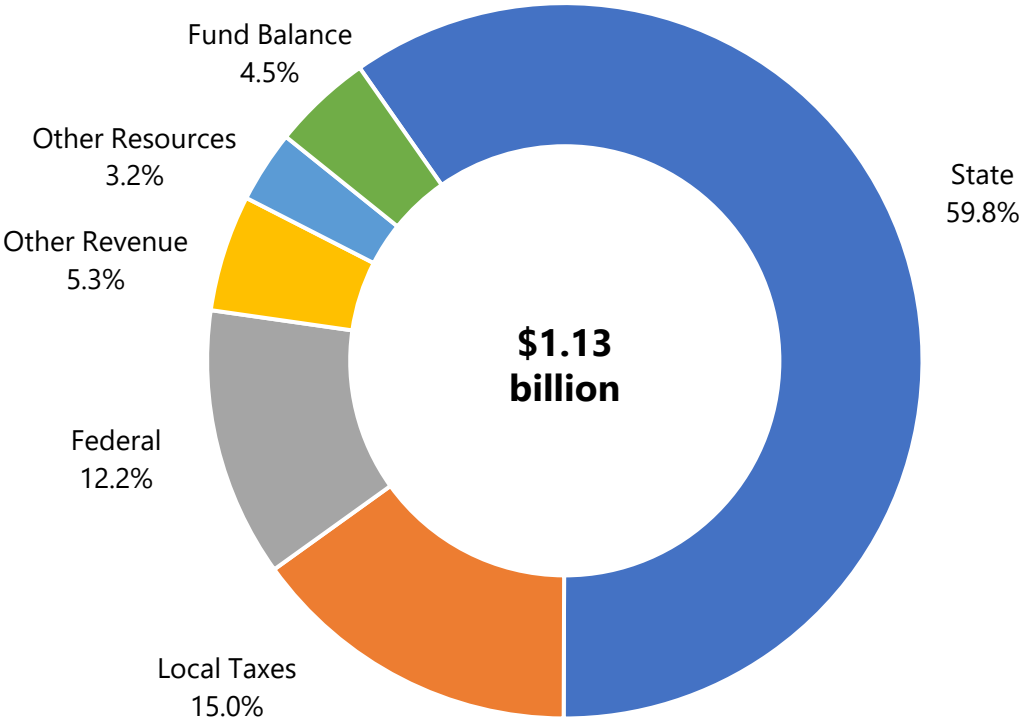


FY21-22 Draft Budget Development Calendar



Budget Overview October 27, 2021

Where does our money come from for FY21-22?



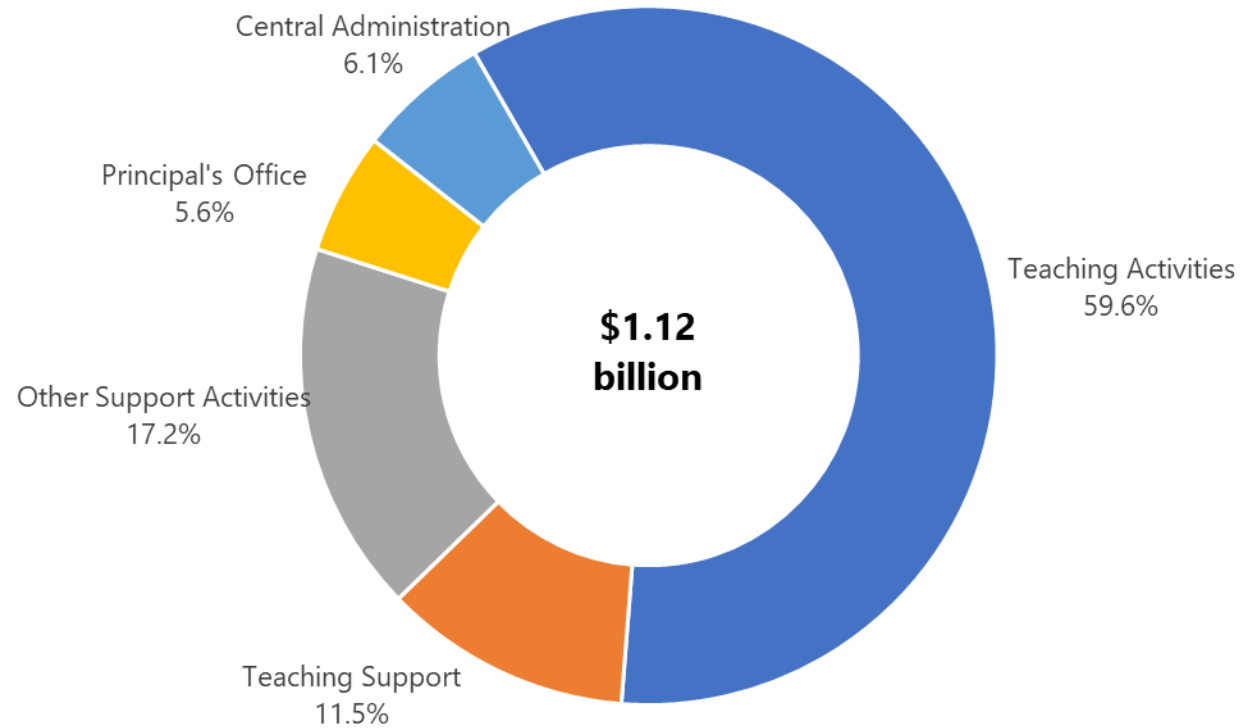
Numbers may not add due to rounding



What Drives our Revenue?

- Enrollment – if students decrease, funding decreases
- Local property tax – approved every three years and used to fill in where other sources are insufficient (also based on prior student enrollment)
- Targeted state and federal programs – special student needs, transportation, nutrition services
- Donations – targeted for specific uses

Expenditures by Activity Group

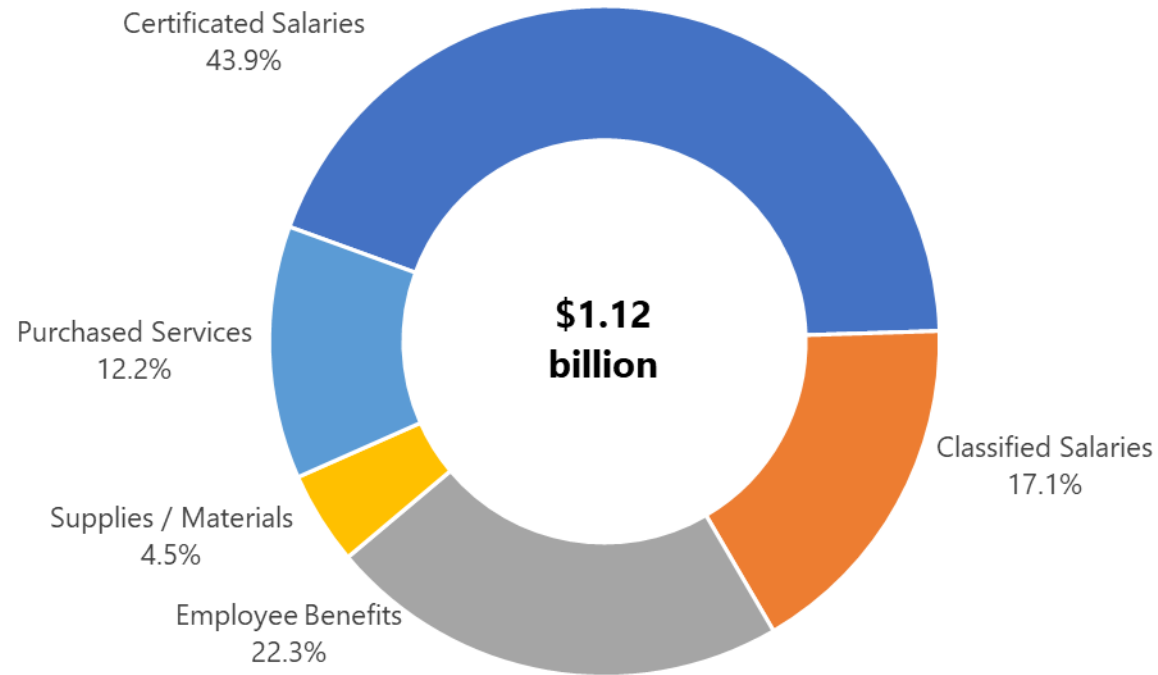


Numbers may not add due to rounding

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.

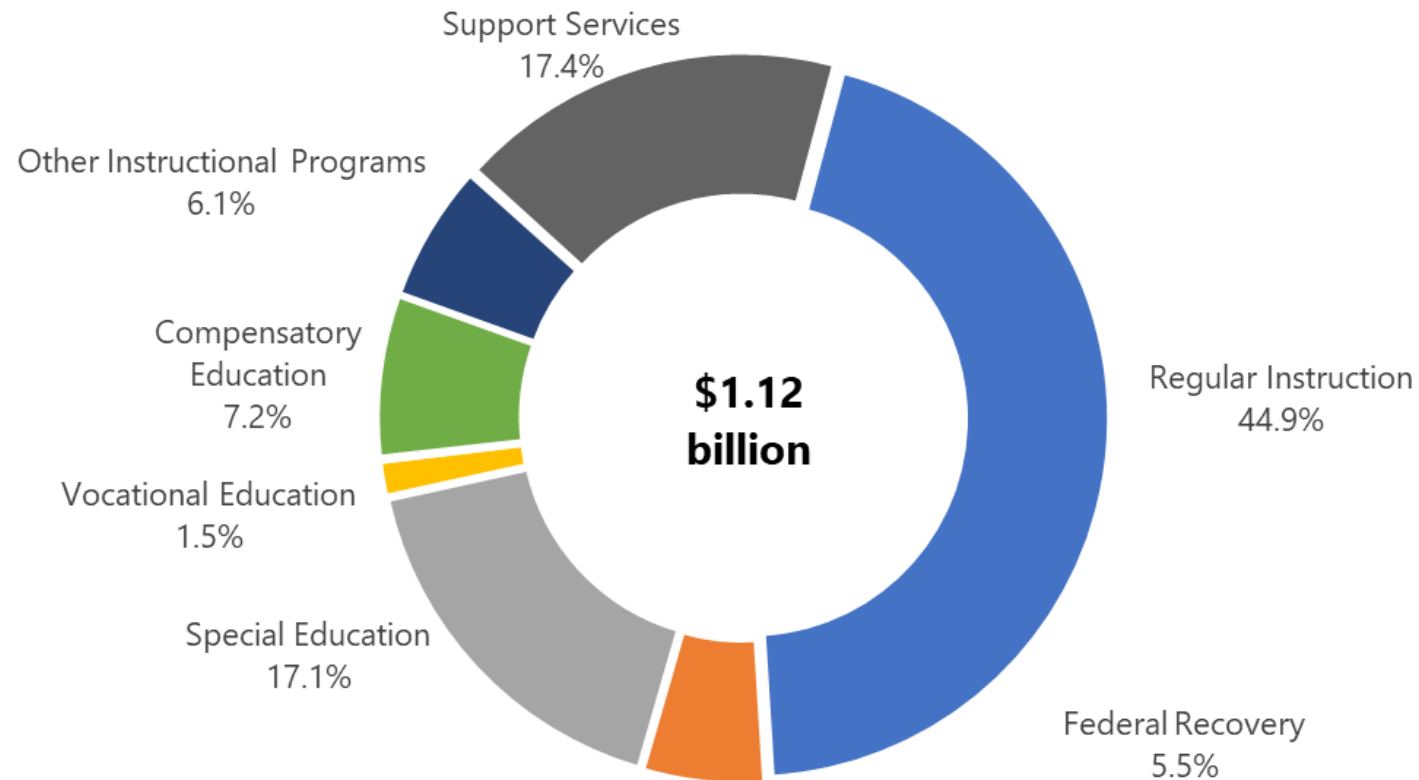
Expenditures by Type



Note: Travel and Capital Outlay are not shown due to percentages totaling less than 1%

Note: Over 83% of the District's expenses are related to staffing. Major purchased service items include bus service, food, and insurance

Expenditures by Program



Note: Skills Center and Community Services are not shown due to percentages totaling less than 1%

How Flexible are our expenses

- Legal requirements – education days/hours required
- Collective bargaining agreements –class sizes, staffing standards, workload limits, etc.
- Basic Operation requirements
- Restricted revenues - targeted for specific uses, if not used for the purposes identified revenues are not available

How is the Budget Developed/Decisions Made?

- Budget is rolled over from one year to the next
- School Board
 - Authorizes a total expenditure amount, not individual line items or activities.
 - Approves new collective bargaining agreements
- Superintendent
 - Identifies new initiatives or activities in support of school board goals

School Year 2022-23 Planning

Adjusted Fund Balance

Three Year Outlook – as of September 29, 2021

Three Year Outlook					
General Fund Position over three years	Available resources	2022-23	2023-24	2024-25	
Revenues		\$ 1,020,887,401	\$ 1,033,629,045	\$ 1,050,867,193	
Expenditures		\$ 1,098,507,699	\$ 1,131,462,930	\$ 1,165,406,818	
Resource Gap		\$ (77,620,298)	\$ (97,833,885)	\$ (114,539,625)	
Current Potential Solutions					
General Fund Position over three years	Available resources	2022-23	2023-24	2024-25	
Revenues		\$ 1,020,887,401	\$ 1,033,629,045	\$ 1,050,867,193	
Expenditures		\$ 1,098,507,699	\$ 1,131,462,930	\$ 1,165,406,818	
Resource Gap		\$ (77,620,298)	\$ (97,833,885)	\$ (114,539,625)	
Solutions/(Enrollment change)	Available resources				
Ending Fund Balance		\$ 37,464,787	\$ 20,000,000	\$ 20,000,000	
ESSER backfill for School/Program stability from FY20-21		\$ 10,600,000			
FY21-22 Enrollment drop below budget of 2,073 AAFTE		\$ (28,129,523)			
Economic Stabilization Fund - one time	\$ 38,700,000	\$ 19,400,000		\$ -	
Capital Funds - one time extended	\$ 10,155,511	\$ 10,155,511	\$ -	\$ -	
Total remaining gap		\$ (28,129,523)	\$ (77,833,885)	\$ (94,539,625)	
Reduction to District Programs	\$ 10,000,000	\$ -	\$ -	\$ -	
Reduction to School Allocations	\$ 40,000,000	\$ -	\$ -	\$ -	
Total remaining gap		\$ (28,129,523)	\$ (77,833,885)	\$ (94,539,625)	

FY22-23 Potential Solutions

(Decrease in revenue from enrollment continues)

Estimated Gap of \$78m	Estimated Amount
Ending Fund Balance FY20-21	\$ 55,000,000
ESSER backfill for School/Program stability from FY20-21	\$ 10,600,000
Enrollment loss	\$ (28,100,000)
Economic Stabilization Fund	\$ 38,700,000
Use Capital Funding	\$ 10,000,000
Reductions to Central Admin and District Programs	\$ 6,000,000
Added costs for new priorities/work	\$ (3,000,000)
Transportation - return to three tiers	\$ 5,000,000
K-8 grade span adjustments	\$ -
Restructure admin for non-traditional schools	\$ -
Small school adjustments	\$ -
Reductions to School Funding Allocations	\$ -
Total	\$ 94,200,000
<i>Note: These examples are provided for discussion purposes only.</i>	

FY20-21 Ending Fund Balance \$55m

ESSER \$10.6m

- Ending Fund Balance available \$55m (estimate)
 - Unreserved and available to spend with no restrictions
 - Grant and other carryover amounts are not included in this
 - Does not include the Economic Stabilization (Rainy Day) Fund
- Continuity of Operations from 2020-21 on ESSER provides \$10.6M onetime funds

Economic Stabilization Account

\$38.7m

- Currently funded at 4.0% of FY19-20 expenditures
- Each 1.0% is equivalent to approximately \$9.7M
- The percentage is set by the school board and the dollar amount is adjusted annually once prior year expenses are finalized. If not adjusted by the board, the prior year's percentage is maintained
- Above amounts have not yet been adjusted to reflect FY20-21 expenses and could increase once 20-21 year end is closed

Economic Stabilization Account (Policy 6022)

- It is the policy of the Seattle School Board to maintain an economic stabilization account in the general fund to help protect against unforeseen circumstances.
- The District created the Economic Stabilization Account (ESA) to fund activities that would otherwise be reduced in scope, suspended or eliminated due to unanticipated shortfalls in the General Fund revenues.
- Any use of the ESA shall be accompanied with a resolution approved by the School Board.
- The amounts committed in the Economic Stabilization Account (ESA) are to be used only for the purposed defined in this policy.
- The ESA shall be informed by the economic climate and recommended between 3 and 5 percent of the total actual general fund expenditures of the most recently completed fiscal year.
- In the event the ESA balance falls below the recommended minimum level of 3%, a plan to replenish the fund will be developed and provided with the resolution authorizing use of the fund.

Enrollment Loss \$28.1m

- Revenue loss of \$28.1M based on estimated student loss of 2,073 students for the entire FY21-22 school year and includes loss of state funding and loss of related Levy funds.
- Potential for some students to return second semester if vaccine is available for younger students
- If half of the missing students returned by the February 1 count date, we could potentially recover \$7.0M of the estimated funding loss.
- If the legislature holds the district harmless for the enrollment loss the revenue loss could be reduced or eliminated.

Use of Capital Funds

Sources of Funding:

BTA III Uncommitted Fund Balance	\$0.7M
BEX III Uncommitted Fund Balance	\$0.5M
BEX IV Program Underspend Reserve	\$5.0M
BEX V Prior Year MPM Annual Underspend	<u>\$3.8M</u>
TOTAL	\$10.0M

Current Major Preventative Maintenance Fund Balance:

- Legislative changes allows for greater spending flexibility in our major preventive maintenance dollars (MPM), of which we currently have \$21.1M

FY22-23 Potential Solutions

Estimated Gap of \$78m	Estimated Amount	Option A		Option B	
Ending Fund Balance FY20-21	\$ 55,000,000	\$ 55,000,000		\$ 55,000,000	
ESSER backfill for School/Program stability from FY20-21	\$ 10,600,000	\$ 10,600,000		\$ 10,600,000	
Enrollment loss	\$ (28,100,000)	\$ (28,100,000)		\$ (28,100,000)	
Economic Stabilization Fund	\$ 38,700,000	\$ 9,675,000	Amount available to maintain 3% minimum	\$ 28,121,000	Fill in the gap to \$78m
Use Capital Funding	\$ 10,000,000	\$ 10,000,000		\$ 10,000,000	
Reductions to Central Admin and District Programs	\$ 6,000,000	\$ -		\$ -	
Added costs for new priorities/work	\$ (3,000,000)	\$ (3,000,000)		\$ (3,000,000)	
Transportation - return to three tiers	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000	
K-8 grade span adjustments	\$ _____	\$ _____		\$ _____	
Restructure admin for non-traditional schools	\$ _____	\$ _____		\$ _____	
Small school adjustments	\$ _____	\$ _____		\$ _____	
Reductions to School Funding Allocations	\$ _____	\$ _____		\$ _____	
Total	\$ 94,200,000	\$ 59,175,000		\$ 77,621,000	
Balance to find to make \$78m		\$ (18,445,298)		\$ 702	
<i>Note: These examples are provided for discussion purposes only.</i>					

Adjusted Fund Balance

Three Year Outlook – as of October 27, 2021

Three Year Outlook		Option A		Option B	
General Fund Position over three years	Available resources	2022-23	2023-24	2022-23	2023-24
Revenues		\$ 1,020,887,401	\$ 1,033,629,045	\$ 1,020,887,401	\$ 1,033,629,045
Expenditures		\$ 1,098,507,699	\$ 1,131,462,930	\$ 1,098,507,699	\$ 1,131,462,930
Resource Gap		\$ (77,620,298)	\$ (97,833,885)	\$ (77,620,298)	\$ (97,833,885)
Current Potential Solutions					
General Fund Position over three years	Available resources	2022-23	2023-24	2022-23	2023-24
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Expenditures		\$ 1,098,507,699	\$ 1,129,462,930	\$ 1,098,507,699	\$ 1,129,462,930
Resource Gap		\$ (77,620,298)	\$ (95,833,885)	\$ (77,620,298)	\$ (95,833,885)
Solutions/(Enrollment change)	Available resources				
Ending Fund Balance		\$ 55,000,000	\$ 20,000,000	\$ 55,000,000	\$ 20,000,000
ESSER backfill for School/Program stability from FY20-21		\$ 10,600,000		\$ 10,600,000	
FY21-22 Enrollment drop below budget of 2,073 AAFTE		\$ (28,100,000)		\$ (28,100,000)	
Economic Stabilization Fund - one time	\$ 38,700,000	\$ 9,675,000	\$ 29,025,000	\$ 28,121,000	\$ 10,579,000
Capital Funds - one time extended	\$ 10,000,000	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
Total remaining gap		\$ (20,445,298)	\$ (46,808,885)	\$ (1,999,298)	\$ (65,254,885)
Reduction to District Programs	\$ 10,000,000	\$ 2,000,000	\$ -	\$ 2,000,000	\$ -
Reduction to School Allocations	\$ 40,000,000	\$ -	\$ -	\$ -	\$ -
Total remaining gap		\$ (18,445,298)	\$ (46,808,885)	\$ 702	\$ (65,254,885)

Outcomes

- In what measure should we engage each of the following tools?
 - Enrollment recovery
 - Central office reductions
 - Use of economic stabilization funds/reserves
 - Other programmatic reductions
- How much should be allocated to new initiatives, and where can allocations be re-prioritized?
- If we use our reserves to solve for 2022-23, what are we going to do in 2023-24?
 - Revenue enhancement
 - Expenditure reduction

Empower

What can we do?

What has worked?

Develop
recommendations via PB

Gain more knowledge

Legislative outreach (very
successful in prior years)

Resources

1. [Budget Office web site](#)
2. [Annual Budget Book](#)
3. [School Funding model](#)



Questions?

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