



# Seattle Public Schools

Budget Work Session

[www.seattleschools.org](http://www.seattleschools.org) | November 10, 2021



# Agenda

1. FY22-23 Budget Development Calendar
2. Update on ESSER Spending
3. FY22-23 Budget Development

# Goals for Work Session

- 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, how do we address 2023-24?
  - Revenue enhancement
  - Expenditure reduction



# FY22-23 Draft Budget Development Calendar

- **October 27, 2021** - Budget Work Session
- **October 18 thru December 3<sup>rd</sup>** Participatory Budget Work sessions
- **November 10, 2021** - Budget Work Session
- **December 8, 2021** – Budget Work Session
- **December 9, 2021** – Final WSS Changes determined
- **January 5, 2022 – Budget Work Session to review recommendations**
  - Review WSS Changes
  - PB recommendations
  - Review Overall major budget changes/agreement on budget
- **January 10, 2022** – Legislative session begins
- **January 12 to February 2<sup>nd</sup>**- Central budgets technical process of staffing/line-item budgeting
- **January 19, 2022** – Budget Work Session
- **February 28, 2022** - Budget Allocations to Schools
- **March 14, 2022** - Regular Legislative session ends
- **March 23, 2022** - Budget Work Session
- **April 27, 2022** – Budget Work Session
- **May 2, 2022** - Final General Fund Balancing, Budget Book development
- **May 25, 2022** - Budget Work Session
- **June 6, 2022** - Board Action Report and Budget Resolution to A&F
- **June 15, 2022** - Introduce Budget to Board
- **June 22, 2022** - Budget Work Session
- **July 6, 2022** – Required Public Hearing
- **July 6, 2022** - Board Action to adopt school year 2022-23 budget

# **ESSER Spending**

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Changes from 11/10 noted in yellow.

	FY2019-20	FY2020-21	FY2021-22	Total	FY2020-21	Total	FY2020-21	Total
	Actual	Actual	Actual		Actual		Actual	
<b>Safe Operations of Schools, Continuity of Operations and other COVID Costs</b>								
Student & Staff PPE, Enhanced Cleaning, HVAC*	\$ 954,388	\$ 209,283	\$ 38,399	\$ 1,202,070	\$ 5,932,841	\$ 5,932,841	\$ 7,047,759	\$ 7,047,759
Technology	\$ 6,406,848	\$ 1,815,436	\$ -	\$ 8,222,284	\$ 214,668	\$ 214,668	\$ 138,346	\$ 138,346
Hourly Support/Lunch Protocols/Contact Tracing	\$ -	\$ -	\$ -	\$ -	\$ 161,823	\$ 161,823	\$ 331,088	\$ 331,088
Maintenance of Equity	\$ -	\$ -	\$ -	\$ -				
School/Program Continuity	\$ -	\$ -	\$ -	\$ -	\$ 30,064,164	\$ 30,064,164	\$ 28,210	\$ 28,210
Transportation Continuity	\$ -	\$ -	\$ -	\$ -				
Sub-total	\$ 7,361,236	\$ 2,024,719	\$ 38,399	\$ 9,424,354	\$ 36,373,496	\$ 36,373,496	\$ 7,545,403	\$ 7,545,403
<b>Learning Outcomes - Recovery/Acceleration</b>								
Intervention tracking, Common Assessments, Grading					\$ -	\$ -	\$ 118,802	\$ 118,802
Special Education, 504 Services and Supports					\$ 20,939	\$ 20,939	\$ 757,203	\$ 757,203
Virtual Program					\$ -	\$ -	\$ 5,383	\$ 5,383
Summer School					\$ -	\$ -	\$ 199,136	\$ 199,136
K-5 Math and Middle School ELA Curriculum					\$ -	\$ -	\$ 1,109	\$ 1,109
Sub-total					\$ 20,939	\$ 20,939	\$ 1,081,633	\$ 1,081,633
<b>Increase Wellness and Supports</b>								
Housing Instability							\$ 44,146	\$ 44,146
Sub-total							\$ 44,146	\$ 44,146
<b>Enhance Responsiveness/Communications and Engagement</b>								
Stakeholder, Family and Community Engagement and Equity Work					\$ 33,261	\$ 33,261	\$ 71,223	\$ 71,223
Response to Racism and ESSER Team					\$ -	\$ -	\$ 184,098	\$ 184,098
Sub-total					\$ 33,261	\$ 33,261	\$ 255,321	\$ 255,321
<b>Indirect Costs</b>								
ESSER I - Total grant award of \$10,709,835	\$ 1,004,073	\$ 276,171	\$ 5,237	\$ 1,285,481				
ESSER II - Total grant award of \$41,396,439	\$ -	\$ -	\$ -	\$ -	\$ 4,968,737	\$ 4,968,737		
ESSER III - Total grant award of \$93,048,616	\$ -	\$ -	\$ -	\$ -			\$ 1,072,966	\$ 1,072,966
Subtotal Indirect Cost	\$ 1,004,073	\$ 276,171	\$ 5,237	\$ 1,285,481	\$ 4,968,737	\$ 4,968,737	\$ 1,072,966	\$ 1,072,966
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,365,309</b>	<b>\$ 2,300,890</b>	<b>\$ 43,636</b>	<b>\$ 10,709,835</b>	<b>\$ 41,396,433</b>	<b>\$ 41,396,433</b>	<b>\$ 9,999,469</b>	<b>\$ 9,999,469</b>
<b>Balance of remaining grant funds (ESSER III is the only one with a balance)</b>				\$ -		\$ -		\$ 83,049,147

\* 21-22 costs is private school spending, whose allocation is required. Private school allocations are also included in the prior year.

# **Update on Structural Deficit and Impact from Enrollment Loss**

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# Adjusted Fund Balance

## Three Year Outlook – as of September 29, 2021

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





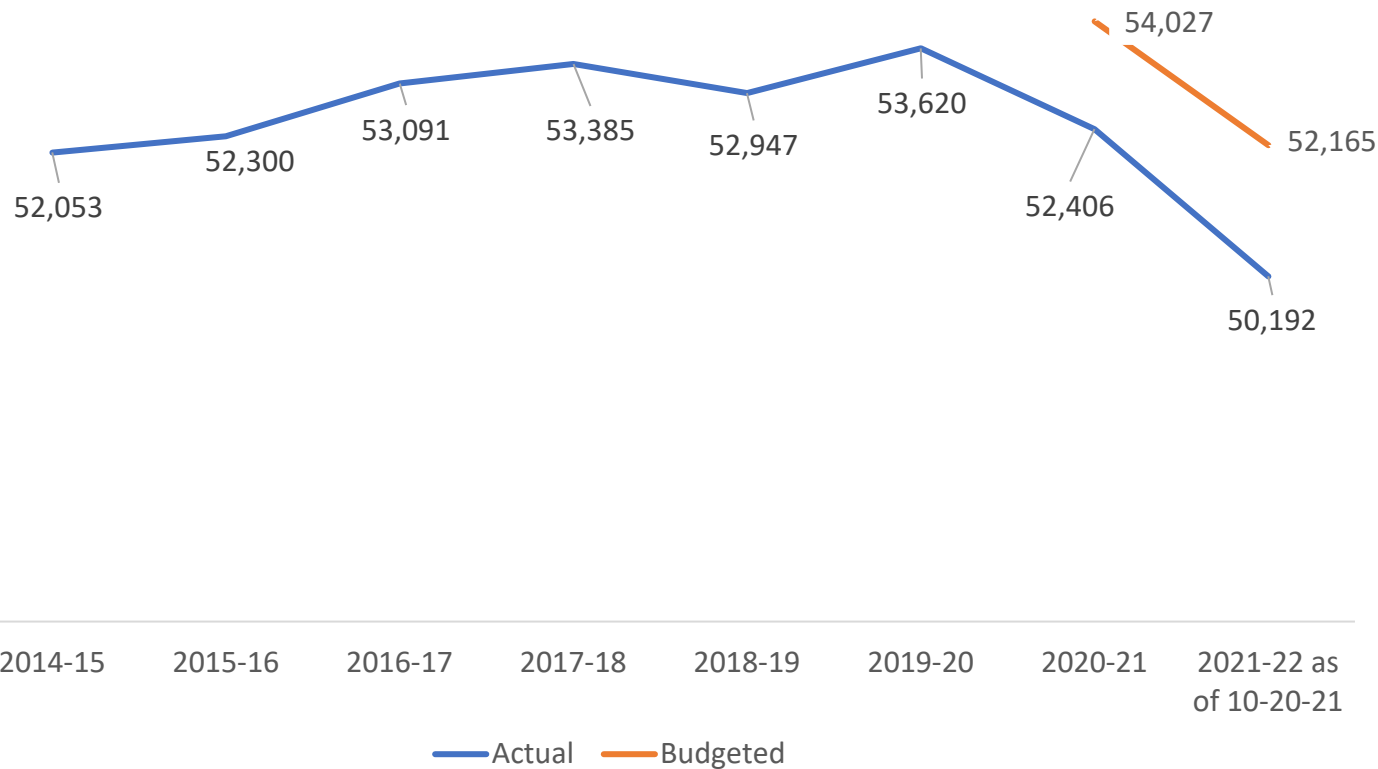
# FY22-23 Potential Solutions

(Decrease in revenue from enrollment continues)

Estimated Gap of \$78m	Estimated Amount	
Ending Fund Balance FY20-21	\$	55,034,483
ESSER backfill for School/Program stability from FY20-21	\$	10,600,000
Enrollment loss	\$	(28,100,000)
Economic Stabilization Fund	\$	39,000,000
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	\$	-
<b>Total</b>	<b>\$</b>	<b>94,534,483</b>
<i>Note: These examples are provided for discussion purposes only.</i>		



# Enrollment October Headcount



## School Staffing for 21-22

- Staff that was budgeted 4,003 FTE
- Actual staff required for reduced enrollment 3,728 FTE
- Overstaffed by 275 FTE (170 are special ed)

Source: Actual October 1 Headcount for 2014-15 thru 2020-21, per OSPI report 1251H, excluding full-time Running Start students. October Headcount for 2021-22 reflects October 1 Headcount, as of October 20, 2021.

# FY22-23 Potential Solutions

Estimated Gap of \$78m	Estimated Amount	Scenario A		Scenario B	
		State Relief		No State Relief	
Ending Fund Balance FY20-21	\$ 55,034,483	\$ 55,034,483		\$ 55,034,483	
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	\$ 39,000,000	\$ 9,750,000	Amount available to maintain 3% minimum	\$ 9,750,000	Amount available to maintain 3% minimum
Use Capital Funding	\$ 10,000,000	\$ 10,000,000		\$ 10,000,000	
Reductions to Central Admin and District Programs	\$ 6,000,000	\$ 2,000,000		\$ 2,000,000	
Added costs for new priorities/work	\$ (3,000,000)	\$ (5,000,000)		\$ (5,000,000)	
Transportation - return to three tiers	\$ 5,000,000	\$ 5,000,000		\$ 5,000,000	
<b>Total</b>	<b>\$ 94,534,483</b>	<b>\$ 59,284,483</b>		<b>\$ 59,284,483</b>	
	Balance to find to make \$78m	\$ (18,335,815)		\$ (18,335,815)	no state relief
	Possible Enrollment Funding From Legislature	\$ 28,100,000	State relief		
	Add to Reserve for future years	\$ 9,764,185			
<i>Note: These examples are provided for discussion purposes only.</i>					

# Adjusted Fund Balance

## Three Year Outlook – as of Nov 9, 2021

Three Year Outlook	Scenario A			Scenario B		
	2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
<b>General Fund Position over three years</b>						
Revenues	\$ 1,020,887,401	\$ 1,033,629,045	\$ 1,050,867,193	\$ 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	\$ 1,098,507,699	\$ 1,131,462,930	\$ 1,165,406,818
<b>Resource Gap</b>	<b>\$ (77,620,298)</b>	<b>\$ (97,833,885)</b>	<b>\$ (114,539,625)</b>	<b>\$ (77,620,298)</b>	<b>\$ (97,833,885)</b>	<b>\$ (114,539,625)</b>
<b>Current Potential Solutions</b>						
<b>General Fund Position over three years</b>						
Revenues	\$ 1,020,887,401	\$ 1,033,629,045	\$ 1,050,867,193	\$ 1,020,887,401	\$ 1,033,629,045	\$ 1,050,867,193
Expenditures	\$ 1,098,507,699	\$ 1,129,462,930	\$ 1,163,406,818	\$ 1,098,507,699	\$ 1,129,462,930	\$ 1,163,406,818
<b>Resource Gap</b>	<b>\$ (77,620,298)</b>	<b>\$ (95,833,885)</b>	<b>\$ (112,539,625)</b>	<b>\$ (77,620,298)</b>	<b>\$ (95,833,885)</b>	<b>\$ (112,539,625)</b>
<b>Solutions/(Enrollment change)</b>						
Ending Fund Balance	\$ 55,034,483	\$ 20,000,000	\$ 20,000,000	\$ 55,034,483	\$ 20,000,000	\$ 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	\$ 9,750,000	\$ 39,014,185	\$ -	\$ 9,750,000	\$ 29,250,000	\$ -
Capital Funds - one time extended	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000	\$ -	\$ -
<b>Total remaining gap</b>	<b>\$ (20,335,815)</b>	<b>\$ (36,819,700)</b>	<b>\$ (92,539,625)</b>	<b>\$ (20,335,815)</b>	<b>\$ (46,583,885)</b>	<b>\$ (92,539,625)</b>
Reduction to District Programs	\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -
State Relief	\$ 28,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total remaining gap</b>	<b>\$ 9,764,185</b>	<b>\$ (36,819,700)</b>	<b>\$ (92,539,625)</b>	<b>\$ (18,335,815)</b>	<b>\$ (46,583,885)</b>	<b>\$ (92,539,625)</b>

# Expenditures Compared to State Funding

Budgeted for 2021-22		FTE Difference					Dollar Difference	Percent State
		FTE-Expe	FTE-Rev	Less than funded (More than funded)	Total Expenditures	State Revenue	Less than funded (More than funded)	Revenue is covering
Certificated	Basic Education	2,616	2,630	14	\$357,084,716	\$ 305,374,453	\$ (51,710,263)	86%
Cert/Class/Admin	Special Education K-21	1,220	660	(560)	\$152,178,007	\$ 73,976,087	\$ (78,201,921)	49%
Certificated	CTE HS	90	75	(15)	\$12,294,435	\$ 8,723,763	\$ (3,570,672)	71%
Certificated	CTE MS	13	10	(2)	\$1,778,258	\$ 1,186,688	\$ (591,569)	67%
<b>Cert and Classified</b>	Bilingual Education	340	106	(234)	\$37,185,113	\$ 12,240,590	\$ (24,944,523)	33%
Classified and Admin	Schools	975	729	(246)	\$110,528,985	\$ 75,240,318	\$ (35,288,667)	68%
Classified	Districtwide	192	136	(57)	\$24,630,581	\$ 11,971,771	\$ (12,658,809)	49%
Classified and Admin	Central Admin	271	196	(75)	\$41,754,131	\$ 20,862,079	\$ (20,892,052)	50%
				(1,176)			\$ (227,858,476)	



# Goals for Work Session

- 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



# Questions?

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# Appendix

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# 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>
<b>TOTAL</b>	<b>\$10.0M</b>

## 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

