



Seattle Public Schools

Budget Work Session

www.seattleschools.org | December 15, 2021



Agenda

1. FY22-23 Budget Development Calendar
2. Participatory Budgeting Process update
3. Ending Fund Balance Details for FY20-21
4. Continuing FY22-23 Budget Development

Goals for Work Session

- Update on Participatory Budgeting
- Review of budget timeline
- Review of fund balance, understand the increase and impact on 22-23 budget development
- Added detail on transportation
- Further direction on FY22-23 balancing



FY22-23 Draft Budget Development Calendar

- **October 27, 2021** - Budget Work Session
- **October 18 thru December 3rd** Participatory Budget Work sessions
- **November 10, 2021** - Budget Work Session
- **December 9, 2021** – Final WSS Changes determined
- **December 15, 2021** – Budget Work Session
- **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 2nd**- 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

Budget Work Session December 15, 2021

Participatory Budgeting Update

Update: Participatory Budgeting (2021-22)

HIGHLIGHTS

- Design and engagement process refined to accommodate community availability and challenges of convening in the pandemic
- **Budget areas of Policy 6114 and Restorative surfaced as focal points of community interest and input**
- SPS provided contributors a special deep dive into SPS funding and budgeting in response to last year's feedback and experience
- New SPS Participatory Budgeting page launched and regularly updated including FAQ based on community input and feedback
- Deep community concern and discussion around designing PB@SPS as an anti-racist tool rather than a tokenized effort or something that ultimately gets weaponized against racialized and marginalized communities
- Forthcoming report in January will present detailed recommendations on budget areas of Policy 6114 and Restorative Justice along with major improvements to overall PB process at SPS

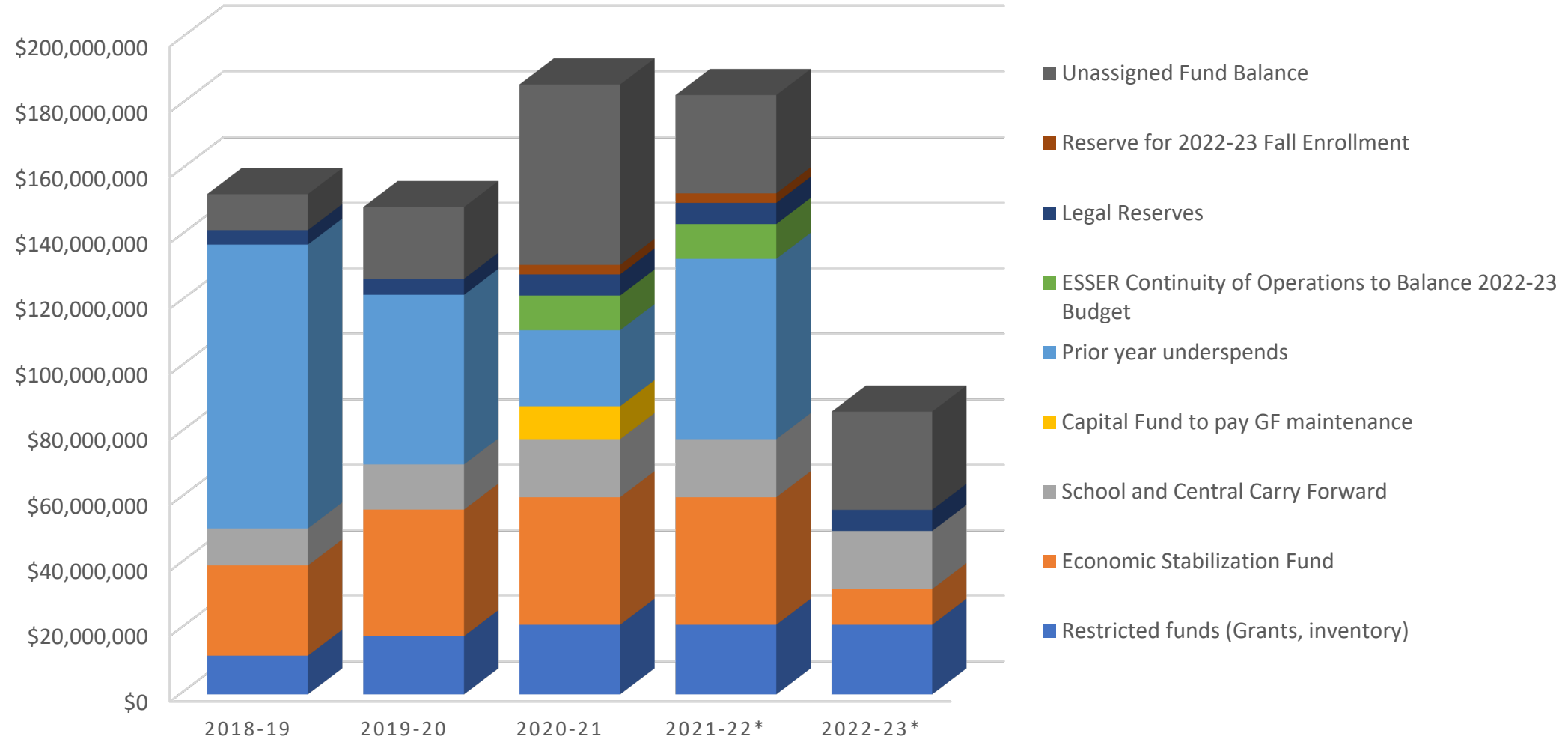


Ending FY20-21 Fund Balance Details

With growing fund balance why is there a budget issue?

- FY20-21 Ending Fund Balance grew by \$37m. Total of \$186m
- Fund balance reflects a point in time – August 31, 2021
- Deeper analysis shows how the fund is currently committed
 - \$39m is the Board Economic Stabilization account
 - \$45m includes restricted funds that can only be spent on specific purposes – grants, school underspend, legal reserves
 - \$33m has been assigned by the school board to fund school year activities in FY21-22
 - Planned savings from FY19-20 of \$21.8m was set aside for FY21-22
 - Capital transfers from FY20-21 of \$10m was used to help balance FY21-22
 - \$66m is being proposed to be assigned to help balance FY22-23
 - \$55m FY20-21 ending Fund Balance
 - \$10.6m ESSER backfill for School/Program stability from FY20-21
- \$3m is left after above items and proposed as a reserve against FY22-23 enrollment issues

Ending Fund Balance over time with forecast



*Estimated balances



Budget Work Session

December 15, 2021

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Review the FY22-23 Budget Development Calendar, participatory budgeting process update, ending Fund Balance Details for FY20-21 and continuing FY22-23 Budget Development

Ending Fund Balance over time with forecast

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22*</u>	<u>2022-23*</u>
Economic Stabilization Fund	\$27,600,000	\$38,700,000	\$39,000,000	\$39,000,000	\$10,950,000
Restricted funds (Grants, inventory)	\$11,815,128	\$17,774,304	\$21,260,957	\$21,260,957	\$21,260,957
School and Central Carry Forward	\$11,305,842	\$13,808,127	\$17,743,514	\$17,743,514	\$17,743,514
Capital Fund to pay GF maintenance			\$10,037,000		
Prior year underspends	\$86,650,000	\$51,776,543	\$23,184,300	\$55,034,482	
ESSER Continuity of Operations to Balance 2022-23 Budget			\$10,600,000	\$10,600,000	
Legal Reserves	\$4,403,904	\$4,902,503	\$6,450,668	\$6,450,668	\$6,450,668
Reserve for 2022-23 Fall Enrollment			\$2,900,000	\$2,900,000	
Unassigned Fund Balance	\$10,956,393	\$21,830,217	\$55,034,482	\$30,000,000	\$30,000,000
	\$152,731,266	\$148,791,694	\$186,210,921	\$182,989,621	\$86,405,139

*Estimated balances

Update on Structural Deficit and Impact from Enrollment Loss

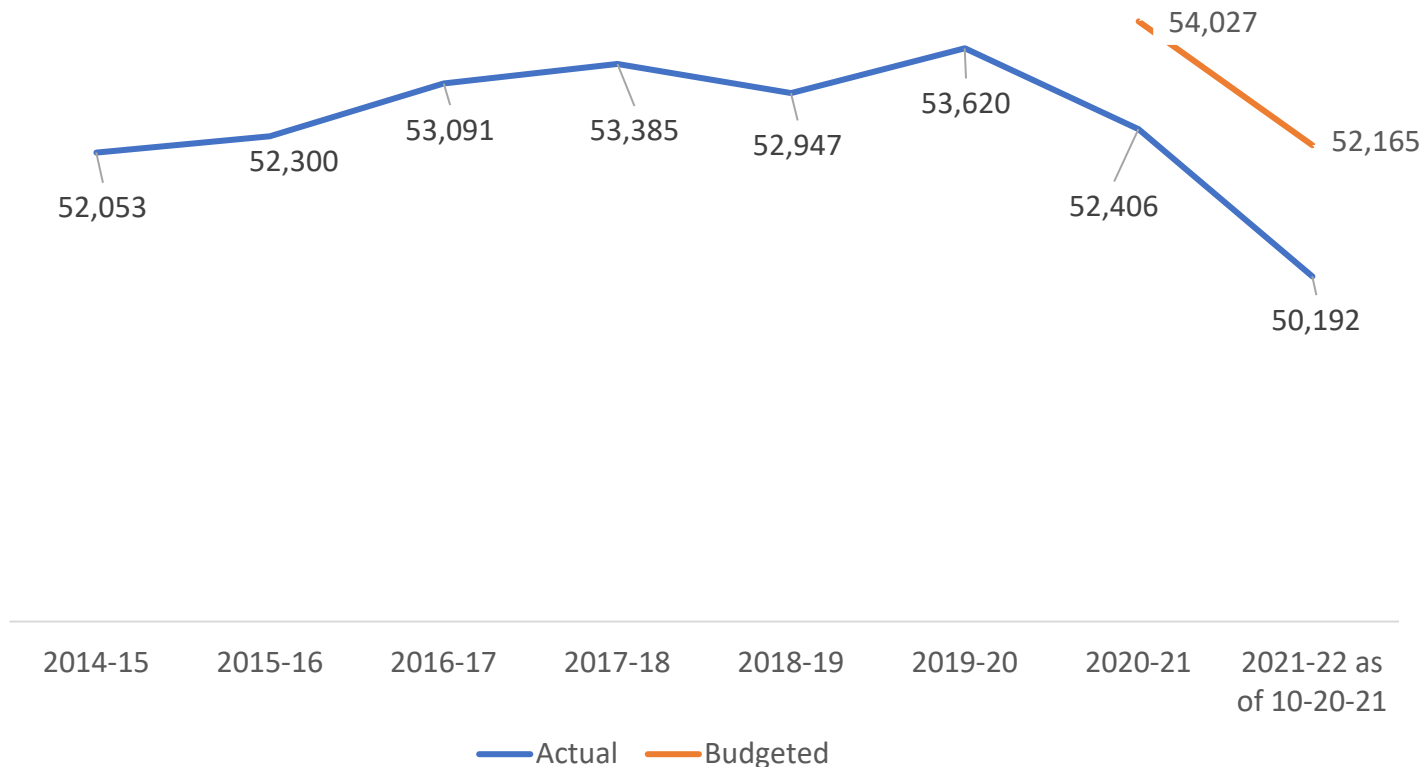
FY22-23 Potential Solutions

(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	\$ -
Total	\$ 94,534,483
<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 Staffing adjustment for Reduced Enrollment

Weighted Staffing Standard Positions	Current Staff based on 52,165 students	Formula Staff for 50,192 students	Excess Staffing Allocated
Teachers	2,310.60	2,227.70	82.9
Assistant Principals	86.00	80.50	5.5
Librarians	64.50	64.00	0.5
Counselors	104.15	100.15	4.0
Cert. Core & House Administrators	47.60	45.15	2.5
Assistant Secretaries	85.50	80.00	5.5
Nurses	41.80	38.80	3.0
Special Ed Teachers & IA's thru WSS	1,132.50	962.50	170.0
Bilingual Teachers thru WSS	130.50	124.81	5.7
Total Potential Staffing Reduction			279.5

Note: Assistant Principals and nursing staff were mitigated prior to fall enrollment. Above staffing reflects not continuing those mitigations next school year as well as adjustments due to enrollment reduction.

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	
Total	\$ 94,534,483	\$ 59,284,483		\$ 59,284,483	
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>					

Transportation

- Seattle Public Schools currently operates a two-tier transportation schedule.
- A “tier” in the SPS transportation system describes how many routes each bus runs in the morning and afternoon.
- The Transportation Department is working on modeling a three-tier transportation schedule for the 2022-2023 school year which would provide cost savings and improve service.
- ~410 drivers are currently required for two-tier service (which includes standby drivers).
- Each driver runs approximately 1.6 routes.
- In a three-tier system, each driver would run approximately 2.2 routes and ~298 drivers would be required.



Transportation - Timeline

- December 2021 – Transportation selects recommended vendor
- End of January 2022 – Transportation completes model of three-tier system
- Jan/Feb 2022 – School Board approves new transportation contract
- Spring 2022 – Final changes in tiers communicated to schools and families

Adjusted Fund Balance

Three Year Outlook – as of Dec 8, 2021

Three Year Outlook		Scenario A			Scenario B		
General Fund Position over three years		2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
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
Resource Gap		\$ (77,620,298)	\$ (97,833,885)	\$ (114,539,625)	\$ (77,620,298)	\$ (97,833,885)	\$ (114,539,625)
Current Potential Solutions		2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
General Fund Position over three years		2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
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
Resource Gap		\$ (77,620,298)	\$ (95,833,885)	\$ (112,539,625)	\$ (77,620,298)	\$ (95,833,885)	\$ (112,539,625)
Solutions/(Enrollment change)		2022-23	2023-24	2024-25	2022-23	2023-24	2024-25
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	\$ -	\$ -
Total remaining gap		\$ (20,335,815)	\$ (36,819,700)	\$ (92,539,625)	\$ (20,335,815)	\$ (46,583,885)	\$ (92,539,625)
Reduction to District Programs		\$ 2,000,000	\$ -	\$ -	\$ 2,000,000	\$ -	\$ -
State Relief		\$ 28,100,000	\$ -	\$ -	\$ -	\$ -	\$ -
Total remaining gap		\$ 9,764,185	\$ (36,819,700)	\$ (92,539,625)	\$ (18,335,815)	\$ (46,583,885)	\$ (92,539,625)

Goals for Work Session

- Update on Participatory Budgeting
- Review of budget timeline
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Questions?

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Appendix

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