



## Board Special Meeting

### Work Session: Risk Management Pool; Fiscal Update

November 16, 2022, 4:30 PM-6:30 PM

#### **Physical location:**

Auditorium, John Stanford Center, 2445 – 3rd Avenue South, Seattle WA 98134

#### **Remote meeting options:**

[By Microsoft Teams](#)

By Teleconference: 206-800-4125 (Conference ID: 978 270 098#)

### **Agenda**

<b><u>Call to Order</u></b>	4:30 PM
<b><u>Work Session: Risk Management Pool</u></b>	4:30 PM
<b><u>Work Session: Fiscal Update</u></b> PM*	<del>5:30</del> 4:45
<b><u>Adjourn</u></b>	6:30 PM*

**IMPORTANT NOTE:** Public access to this meeting will be available both at the John Stanford Center for Educational Excellence and through remote access via Microsoft Teams and teleconference as stated at the top of this agenda.

Please do not come to the John Stanford Center for Educational Excellence if you are experiencing any of the following symptoms: fever (100.4 F); chills; cough; shortness of breath or difficulty breathing; fatigue; muscle or body aches; headache; recent loss of taste or smell; sore throat; congestion or runny nose; nausea or vomiting; or diarrhea.

*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  
November 16, 2022

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While Seattle Public Schools endeavors to only post documents optimized for accessibility, due to the nature and complexity of some documents, an accessible version of the document may not be available. In these limited circumstances, the District will provide equally effective alternate access.

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

Amy Fleming  
Director, Accounting Services  
[BudgetOffice@seattleschools.org](mailto:BudgetOffice@seattleschools.org)

Discuss the enrollment outlook, budget for student focused outcome goals –goals/guardrails, the upcoming budget information and Special education



# Seattle Public Schools

Budget Work Session

[www.seattleschools.org](http://www.seattleschools.org) | November 16, 2022



# Agenda

1. Risk Management Pool
2. Fiscal Update

# **Risk Management Pool**

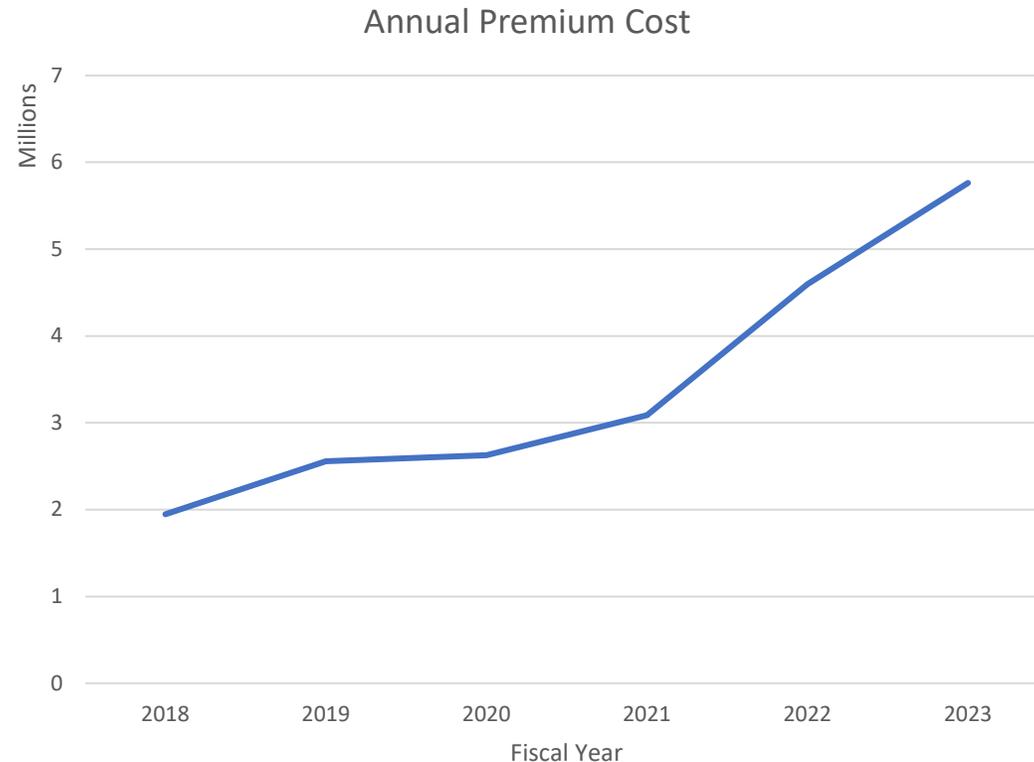
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# Background

Liability and property coverage has been provided by the WSRMP since 2002.

Last competitive marketing was in 2005.

Premiums have increased sharply in past 5 years, even with increased liability deductible.



# Key Factors

- The Pool provides broad coverage designed to meet the needs of districts from the smallest to largest, with little customization available.
- As the largest district, SPS has some needs that differ from others – higher limits of cyber liability coverage or earthquake insurance.
- Where we are strong (e.g., our cyber security team), we are lumped with all the other districts and pay a price for their shortcomings.
- We have a duty to confirm that we are getting the best value for our taxpayers' dollars.



# Timeline

- Moving out of the Pool requires a three-year notice of intent
- That notice was filed and must be rescinded or affirmed by January 31, 2023 and is irrevocable after that date
- Our exit would be effective as of September 1, 2023
- In early January, we will have “best estimates” from the Pool and from the commercial insurers. Insurers may change pricing if there are catastrophe claims or court decisions that change their risk
- Coverage will not be apples to apples, so a value must be determined for coverage and services that will be gained or lost



# Fiscal Update

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# FY23-24 Draft Budget Development Calendar

**October 12** – Budget Work Session

**November 16, 2022** - Budget Work Session

**December 7, 2022** – Tentative Budget Work Session

**January 4, 2023** – Tentative Budget Work Session

**January 9, 2023** – Legislative session begins

**January 16 to February 3rd**- Central budgets technical process of staffing/line-item budgeting

**February 1, 2023** – Tentative Budget Work Session

**February 28, 2023** - Budget Allocations to Schools

**March 1 thru 31<sup>st</sup>** – Schools build their budget and staffing

**March 8, 2023** – Tentative Budget Work Session

**April 3, 2023** – HR begins displacement process for SEA staff

**April 23, 2023** - Regular Legislative session ends

**April 26, 2023** – Tentative Budget Work Session

**May 1, 2023** - Final General Fund Balancing, Budget Book development

**June 12, 2023** - Board Action Report and Budget Resolution to A&F

**July 6, 2023** - Board Action to adopt school year 2023-24 budget



# Ending Fund Balance FY21-22

		<b>Budgeted Balance</b>	<b>Actual Balance</b>
	Grant Revenues and other restricted funds	\$2,005,833	\$17,690,553
	Inventory & Prepaid Items	\$1,942,867	\$1,999,630
	Committed to Economic Stabilization	\$39,000,000	\$42,200,000
	School Carry Forward	\$11,794,521	\$13,729,935
	Central Carry Forward	\$3,179,293	\$3,047,920
	Budgeted as funding resources for 2022-23 School Year		
	Ending Fund Balance from FY20-21	\$55,034,483	\$55,034,483
	ESSER backfill for School/Program stability from FY20-21	\$10,600,000	\$10,600,000
	Use of Capital Fund to cover maintenance operations in FY20-21	\$10,000,000	\$10,000,000
	FY21-22 Underspend to balance FY22-23	\$6,864,787	\$6,864,787
	Legal Settlements and Outside Counsel	\$2,620,374	\$4,221,340
	2020-21 Underspend for 2022-23 Enrollment	\$2,900,000	\$0
	FY21-22 Underspend	\$15,000,000	\$10,395,740
	<b>Total Ending Fund Balance</b>	<b>\$160,942,158</b>	<b>\$175,784,388</b>

# Three Year Outlook – as of September 28, 2022

General Fund Position over three years	2022-23	2023-24	2024-25
Revenues	\$ 1,059,949,846	\$ 1,046,059,325	\$ 1,067,385,521
Expenditures	\$ 1,142,449,116	\$ 1,139,850,250	\$ 1,179,524,313
Resource Gap	\$ (82,499,270)	\$ (93,790,925)	\$ (112,138,792)
<b>Solutions/(Enrollment change)</b>			
Ending Fund Balance	\$ 55,034,483	\$ 30,000,000	\$ 20,000,000
ESSER backfill for School/Program stability from FY20-21	\$ 10,600,000		
FY21-22 adopted budget underspend	\$ 6,864,787		
Economic Stabilization Fund - one time	\$ -	\$ 39,000,000	\$ -
Capital Funds - extended	\$ 10,000,000	\$ 10,000,000	\$ -
CBA cost increases	\$ (17,640,379)	\$ (36,521,531)	\$ (47,271,836)
ESSER resources	\$ 5,113,999	\$ 3,000,000	
FY22-23 budget capacity	\$ 9,291,442	\$ -	
FY22-23 contingency fund	\$ 3,234,938		
Total remaining gap	\$ 0	\$ (48,312,456)	\$ (139,410,628)

# Three Year Outlook – as of November 16, 2022

<b>General Fund Position over three years</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Revenues	\$ 1,137,563,115	\$ 1,049,059,325	\$ 1,071,036,007
Expenditures	\$ 1,147,563,115	\$ 1,176,371,781	\$ 1,227,796,149
Resource Gap	\$ (10,000,000)	\$ (127,312,456)	\$ (156,760,142)

<b>Solutions/(Enrollment change)</b>			
Ending Fund Balance		\$ 10,395,740	\$ -
1.0% of Economic fund balance (\$42.2M) total		\$ 10,550,000	\$ -
Capital Funds - extended		\$ 10,000,000	\$ -
ESSER and other one-time resources		\$ 8,500,000	\$ -
Central Office/programmatic reductions		\$ -	\$ -
School Level reductions		\$ -	\$ -
Total remaining gap	\$ (10,000,000)	\$ (87,866,716)	\$ (156,760,142)
<b>Legislative</b>		\$ -	\$ -
Special education			
Transportation			
Other			\$ -
Total remaining gap	\$ (10,000,000)	\$ (87,866,716)	\$ (156,760,142)

# Three Year Outlook – as of November 16, 2022 (Option A)

General Fund Position over three years	2022-23	2023-24	2024-25
Revenues	\$ 1,137,563,115	\$ 1,049,059,325	\$ 1,091,036,007
Expenditures	\$ 1,147,563,115	\$ 1,176,371,781	\$ 1,198,796,149
Resource Gap	\$ (10,000,000)	\$ (127,312,456)	\$ (107,760,142)

Solutions/(Enrollment change)			
Ending Fund Balance		\$ 10,400,000	\$ -
Economic Stabilization fund (\$42.2M) total		\$ 10,550,000	\$ 31,700,000
Capital Funds - extended		\$ 10,000,000	\$ -
ESSER and other one-time resources	\$ 5,000,000	\$ 3,500,000	\$ -
Central Office/programmatic reductions	\$ 5,000,000	\$ 20,000,000	\$ -
School Level reductions		\$ 9,000,000	\$ -
Total remaining gap	\$ 0	\$ (63,862,456)	\$ (76,060,142)
<b>Legislative</b>		\$ -	\$ -
Special education		\$ 10,000,000	
Transportation		\$ 10,000,000	
Other		\$ 12,000,000	\$ -
Total remaining gap	\$ 0	\$ (31,862,456)	\$ (76,060,142)

# Three Year Outlook – as of November 16, 2022 (Option B)

General Fund Position over three years	2022-23	2023-24	2024-25
Revenues	\$ 1,137,563,115	\$ 1,049,059,325	\$ 1,091,036,007
Expenditures	\$ 1,147,563,115	\$ 1,176,371,781	\$ 1,198,796,149
Resource Gap	\$ (10,000,000)	\$ (127,312,456)	\$ (107,760,142)

Solutions/(Enrollment change)			
Ending Fund Balance		\$ 10,400,000	\$ -
Economic Stabilization fund (\$42.2M) total		\$ 42,200,000	\$ -
Capital Funds - extended		\$ 10,000,000	\$ -
ESSER and other one-time resources	\$ 5,000,000	\$ 3,500,000	\$ -
Central Office/programmatic reductions	\$ 5,000,000	\$ 20,000,000	\$ -
School Level reductions		\$ 9,000,000	\$ -
Total remaining gap	\$ 0	\$ (32,212,456)	\$ (107,760,142)
<b>Legislative</b>		\$ -	\$ -
Special education		\$ 10,000,000	
Transportation		\$ 10,000,000	
Other		\$ 12,000,000	\$ -
Total remaining gap	\$ 0	\$ (212,456)	\$ (107,760,142)

# Expenditures Compared to State Funding

Budgeted for 2022-23	FTE-Exp	FTE-Rev	FTE Difference Less than funded (More than funded)	Total Expenditures	State Revenue	Dollar Difference Less than funded (More than funded)	Percent State Revenue is Covering
Certificated Staff Basic Education	2504	2514	10	\$ 351,997,531	\$ 302,579,653	\$ (49,417,878)	86%
Admin Staff at Schools	182	145	-37	\$ 41,248,771	\$ 24,458,856	\$ (16,789,915)	59%
Special Education				\$ 191,180,063	\$ 98,657,889	\$ (92,522,174)	52%
Transitional Bilingual				\$ 41,149,696	\$ 12,610,466	\$ (28,539,230)	31%
Transportation				\$ 57,460,635	\$ 26,976,924	\$ (30,483,711)	47%
						\$ (217,752,908)	

# Potential Solutions

- Enhancements to Revenue
  - Legislative Funding improvements
- One-time Resources
  - Capital Fund
  - Economic Stabilization Fund
  - ESSER funds
- Reductions to Expenditures
  - Program Reductions



# Discussion and Questions

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