



## Board Special Meeting

### Work Session: Budget

February 28, 2023 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: 616 057 687#)

### **Agenda**

<b><u>Call to Order</u></b>	4:30 PM
<b><u>Work Session: Budget</u></b>	4:30 PM
<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

February 28, 2023

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

School Board Office  
[boardoffice@seattleschools.org](mailto:boardoffice@seattleschools.org)

Discusses fiscal update, budget balancing process, and next steps.



# Seattle Public Schools

Funding Our Future Update  
and Budget Work Session

[www.seattleschools.org](http://www.seattleschools.org) | February 28, 2023



# **Funding Our Future Update:**

**Budget development and balancing process for ensuring student outcomes**

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# Agenda

1. Work Session Overview
2. Well-Resourced Schools
3. Fiscal Update
4. Budget Balancing Process
5. Next Steps

# Purpose

- Keep the Seattle School Board informed
- Establish a common working definition of well-resourced schools
- Ensure we remain aligned in decision making throughout the budget process

# **Funding Our Future Update:**

**Defining Well-Resourced Schools**

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# Well-Resourced Schools

A **well-resourced school** is one that has sufficient resources to meet the need of its students, including materials, technology, and people.

This can include things like well-equipped classrooms, up to date technology, a variety of instructional materials, and sufficient number of qualified educators and support staff.

Additionally, a well-resourced school may also have access to resources such as libraries, science labs, and athletic facilities. It also includes the financial resources to ensure that the school can maintain and upgrade these resources over time.



# Attributes of Well-Resourced Schools

Centering our SOFG Goals with anchors both to [Policy 0010](#) and [Policy 0030](#), SPS will center decisions that ensure that we maintain the following attributes in our schools:

- High-quality instructors from PreK to graduation
- Safety and security in all buildings and classroom
- Welcoming environment where every student is affirmed
- Social, emotional learning and supports to support wellness
- Services to support unique learners
- Arts, music, and other enrichment opportunities for the whole child
- Curriculum, resources, and materials aligned to standards
- Extra-curricular programs and activities to enhance student opportunities
- Well maintained and accessible buildings
- Professional learning to support educator growth and development

# Questions & Discussion

1. As we begin to establish a definition of well-resourced schools with our school community, what resonates with you?
2. What wonderings do you have?

# **Funding Our Future Update:**

**Planning for Fall 2023 and Beyond**

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# Why Now?

1. At the tipping point – structural deficit has grown to \$131 million
2. Current budget (2022-23) includes \$82 million one-time funding
3. Recent budget year solutions have been one-time state and federal resources – ESSER, funding of enrollment loss, funding of transportation without riders
4. Student needs are increasing
5. Labor cost are significantly more than state and local funding

# Strategy to Fiscal Responsibility

- Shift planning to multi-year
- Implement central expenditure reductions
- Aggressively pursue new or expanded revenue opportunities
- Streamline and incorporate efficiencies into central operations
- Enact cross-departmental operational efficiencies and automation
- Sustain well-resourced schools with staffing and programming to provide education for every student aligned with our academic standards and goals.

# Operating within our means

- Maximize capital and other fund sources
- Explore increase revenue sources – legislature, enrollment growth
- Planned reduction of district Economic Stabilization Fund
- Look to decrease expenditures:
  - Short term (**for 2023-24**)
    - Central office reductions
    - School-based reductions
  - Longer term (**for 2024-25 and beyond**)
    - Consider school consolidation to right-size for enrollment decline and achieve well-resourced schools
    - Optimize special education processes
    - Restructure operating processes

# Strategy to Fiscal Responsibility FY23-24

- FY23-24 Budget development
  - Implemented expenditures reductions starting November 9, 2022
    - Hiring freeze for non-school based positions
    - Freeze on employee out-of-state travel
  - Maximize Capital and other fund sources for FY22-23 and FY23-24
  - Streamline and incorporate efficiencies into central operations
  - Utilize district Economic Stabilization Fund
  - Work with state legislatures on potential impact of FY23-24 state budget ideas

# Expenditures Compared to State Funding

Budgeted for 2022-23	FTE-Exp	FTE-Rev	FTE Difference	Total Expenditures	State Revenue	Dollar Difference )	Percent State Revenue is Covering
Special Education				\$ 191,180,063	\$ 98,657,889	\$ (92,522,174)	52%
Transportation				\$ 57,460,635	\$ 26,976,924	\$ (30,483,711)	47%
Admin Staff at Schools	182	145	-37	\$ 41,248,771	\$ 24,458,856	\$ (16,789,915)	59%
						<b>\$ (139,795,800)</b>	



# Multi-year budget planning as of February 28, 2023

General Fund Position	2023-24	2024-25
Resources	\$ 1,053,624,496	\$ 1,084,973,830
Expenditures	\$ 1,184,614,044	\$ 1,190,296,149
Resource Gap	\$ (130,989,548)	\$ (105,322,319)
<b>Potential Solutions</b>		
Ending Fund Balance	\$ 10,000,000	\$ -
Economic Stabilization fund (\$42.2M) total	\$ 27,200,000	\$ 15,000,000
Capital Funds - extended	\$ 11,000,000	\$ -
ESSER and other one-time resources	\$ -	\$ -
Central Office/programmatic reductions	\$ 33,000,000	\$ 18,000,000
School Level reductions	\$ 11,000,000	\$ 5,000,000
School Consolidations		\$ 28,000,000
Total remaining gap	\$ (38,789,548)	\$ (39,322,319)
<b>Legislative - current</b>		
Special Education SB 5311	\$ 9,235,304	\$ 4,367,888
Extension of Maintenance transfer to Capital	\$ 4,000,000	
Other (COLA, Medical, Pension rates, etc)	\$ 4,702,519	\$ -
<b>Additional need</b>		
Other	?	?
Total remaining gap	\$ (20,851,725)	\$ (34,954,431)

# Process for Central Office Reductions

- Identification of non-restricted staffing and activities
- 15% initial reduction target provided to each division
- Optimization of other resources – grants, capital fund, career and technical resources
- Additional work on program reductions/elimination/pausing of central activities to achieve an additional \$7 million cost reductions for FY23-24

# Summary of Central Office **Adjustments** FY23-24 (Academics)

Division	Total Budget	Reduction	Shift to other funding	Total Adjustment
<b>Academics</b> (Asst Sup of Academics, Curriculum & Assessment, Research Evaluation & Assessment, Running Start, Native American, Proyecto Saber, Library Services, Radio Station, Career & Technical Education, College & Career Readiness, Learning & Teaching - Arts, Health & PE, Science, International, Literacy, Math)	\$ 44,575,107	\$ 2,012,320	\$ 2,446,829	\$ 4,459,149
<b>Associate Superintendent</b> (Assoc Superintendent, Schools & Continuous Improvement, Summer School, Athletics)	\$ 13,385,568	\$ 1,036,186	\$ 450,000	\$ 1,486,186
<b>Strategy &amp; Climate</b> (AAMA, Racial Equity, Partnership & Engagement)	\$ 5,859,172	\$ 707,845	\$ 125,229	\$ 833,074
<b>Student Services</b> (Special Education, English Lanugage Learners, Nurses, Advanced Learning, Coordinated School Heath, Family & Community Engagement)	\$ 126,812,681	\$ 2,183,169	\$ -	\$ 2,183,169

# Summary of Central Office **Adjustments** FY23-24 (Operations)

<b>Division</b>	<b>Total Budget</b>	<b>Reduction</b>	<b>Shift to other funding</b>	<b>Total Adjustment</b>
<b>Finance</b> (Accounting, Budget, Contracts, Grants, Payroll, Purchasing, Risk Management)	\$ 16,336,628	\$ 1,076,062	\$ 216,691	\$ 1,292,753
<b>Deputy Superintendent</b> (Deputy, Technology, Internal Auditor)	\$ 30,032,013	\$ 1,286,797	\$ 427,379	\$ 1,714,176
<b>General Counsel</b> (Legal, Archives)	\$ 5,379,474	\$ 806,680	\$ -	\$ 806,680
<b>Human Resources</b> (HR, Labor Relations, Office of Student Civil Rights)	\$ 19,126,333	\$ 2,170,635	\$ -	\$ 2,170,635
<b>Operations</b> (Transportation, Custodial, Enrollment, Maintenance, Grounds, Culinary, Security, Utilities, Warehouse)	\$ 166,166,615	\$ 8,308,735	\$ 7,000,000	\$ 15,308,735
<b>Public Affairs</b> (Board Office, Public Affairs, TV studio)	\$ 3,452,203	\$ 510,089	\$ -	\$ 510,089
<b>District wide</b> (Superintendent's Office, Strategic Plan, Activities across central departments)	\$ 10,180,705	\$ 2,151,863	\$ -	\$ 2,151,863
<b>Totals</b>	<b>\$ 441,306,499</b>	<b>\$ 22,250,381</b>	<b>\$ 10,666,128</b>	<b>\$ 32,916,509</b>

# Preliminary Central Office staffing reductions (by state activity coding)

Staffed and Vacant Positons				Reductions*	
Row Labels	Central Budgets	School Budgets	Total	FTE	% of Central
Central Administration	394.6		394.6	41.8	10.6%
Other Support Activities	664.2		664.2	9.7	1.5%
Principal's Office		424.4	424.4		
Teaching	688.4	3,950.9	4,639.2	5.8	0.8%
Teaching Support	614.5	329.3	943.8	17.2	2.8%
<b>Grand Total</b>	<b>2,537.0</b>	<b>4,704.5</b>	<b>7,241.5</b>	<b>74.4</b>	<b>2.9%</b>
* Includes Reductions of Staff and Vacant Positons					
Does not include positions shifted to other funding					

# 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 Culinary Services, Transportation, and Building Maintenance.

# Process for School Level Reductions

- Identification of resources not constrained by basic operations or collective bargaining agreements
- Conversations with principal and Seattle Education Association leaderships
- Review of historically underspent resources and extra staffing provided to some programs and not others
- Elimination of planned support staffing increases
- Use of Racial Equity tool for decision on which schools are impacted – class size/support

# School Based Budget Reductions FY23-24

	Dollar Amount	
Cert Core extra staffing	\$ 1,902,555	
50% of School Mitigation funds (balance of \$1.5M)	\$ 1,500,000	
K-3 ratio adjustment	\$ 1,377,290	
Eliminate Running Start admin funding	\$ 224,315	
Reduce School Discretionary funds	\$ 1,918,722	
Reduce Assistant Principals	\$ 1,576,126	
Do not add additional School Athletic Director staffing to high schools	\$ 737,670	
School programmatic changes	\$ 1,978,205	
	<b>Total</b>	
	<b>\$ 11,214,883</b>	
	<b>Staffing reductions</b>	
	<b>38.80</b>	



# Questions and Discussion

How clear is our strategy for the 2023-24 school year?

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# Strategy to Fiscal Responsibility FY24-25

- Implement an enrollment growth campaign
  - Develop well-resourced schools
  - Make SPS schools of choice to Seattle parents
  - SPS outreach to parents
- Review programs and services that are significantly misaligned with state funding
  - Special Education services
  - English Language Learner services
  - Transportation
  - Under-enrolled schools
- Continued conversations with legislatures regarding state underfunding of programs statewide to encourage funding increases
  - Special Education Services
  - Transportation
  - Classified staffing ratios and compensation

# **Funding Our Future Update:**

**Confirmation of Board Directive**

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# Confirm Board Directive

1. Stabilize our financial future to be able to fund our highest priorities
2. Keep Seattle Public Schools solvent
3. Resolve long term (decades of) structural deficit spending
4. Instill discipline and accountability into all spending.
5. Display fiscal stewardship and responsibility

# Questions and Discussion

With the SOFG framework in mind, what guidance do you have for us?

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# Funding Our Future Update:

## Timeline & Next Steps

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# Key Dates

- April 23: Regular State legislative session concludes
- May 3: Budget Work Session: final work session before multi-year funding plan recommendation is introduced in a regular board meeting for Board action.
- June 21: Board Action Report and Budget Resolution
- July 6: Board Action to adopt school year 2023-24 budget

# Next Steps

- Hosting virtual information session for community on March 20
- Continue work to identify additional revenue or expenditure reductions to balance FY23-24
- Conversations with legislators regarding state level funding shortages for special education and transportation services



# FY23-24 Draft Budget Development Calendar

- October 12, 2022: Budget Work Session
- November 16, 2022: Budget Work Session
- January 9, 2023: Legislative Session begins
- January 25, 2023: Budget Work Session
- January 16-February 3, 2023: Central budgets technical process of staffing/line-item budgeting
- February 28, 2023: Budget Allocations to Schools
- February 28, 2023: Budget Work Session
- March 20, 2023: Community information session
- March 1-24, 2023: Schools build their budget and staffing
- April 3, 2023: HR begins staffing process for SEA staff
- April 23, 2023: Regular Legislative session ends
- May 1, 2023: Final General Fund Balancing
- May 3, 2023: Budget Work Session
- June 21, 2023: Board Action Report and Budget Resolution
- July 6, 2023: Board Action to adopt school year 2023-24 budget