



## Board Special Meeting

### Work Session: Budget

January 25, 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: 771 236 593#)

### **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.*



# Fiscal Work Session

**January 25, 2023**

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

Public Affairs

[publicaffairs@seattleschools.org](mailto:publicaffairs@seattleschools.org)

Agenda:

1. Funding our Future
2. Key Dates
3. Fiscal Update
4. Budget Balancing Process
5. A System of Well-Resourced Schools
6. Communication
7. Next Steps



# Seattle Public Schools

Budget Work Session

[www.seattleschools.org](http://www.seattleschools.org) | January 25, 2023



# Agenda

1. Funding our Future
2. Key Dates
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4. Budget Balancing Process
5. A System of Well-Resourced Schools
6. Communication
7. Next Steps

# **Funding our Future:**

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

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# Goals

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 into our spending.
5. Display fiscal stewardship and responsibility

# How

1. Develop and submit a comprehensive package of budget balancing
2. Reduce our expenditures to a level of future sustainability
3. Make the tough choices now to match our resource/capacity to our revenue (enrollment)
4. Advocate and *hope* our legislature will help us bridge the gap

# Principles

1. Prioritize quality instruction and learning
2. We are guided by **Guardrail #2**: *The Superintendent will not allow operational systems to deliver unreliable service.*
3. Good faith efforts. We each share the same values
4. Teamwork – board and superintendent are one team

# Assumptions/Realities

1. Immediate efforts will not be enough to resolve all the long-standing structural issues
2. Lack of experience with this level/magnitude of reductions in balancing – 80% confidence on knowing all impacts from choices

# Why Now?

1. At the tipping point – Structural Deficit has grown to \$131 million
2. Current year budget is based on \$82 million of one-time funding
3. Recent prior year solutions have been one-time state and federal resources – ESSER, funding of enrollment loss, funding of transportation without riders
4. Enrollment has decreased since 2014 while staff has increased
5. Enrollment is anticipated to continue to trend down

# Board Discussion

- How are the board's values aligned with what you've just heard?

# Key Dates

- February 15 (tentative) – Budget Work Session: balancing
- April 29 – Regular legislative session concludes
- May 3 – Budget Work Session: final discussion before introduction
- June 21 - Board Action Report and Budget Resolution
- July 6 - Board Action to adopt school year 2023-24 budget

# Fiscal Update

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# 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	\$ 1,091,036,007
Expenditures	\$ 1,147,563,115	\$ 1,176,371,781	\$ 1,198,796,149
Resource Gap	\$ (10,000,000)	\$ (127,312,456)	\$ (107,760,142)

<b>Solutions/(Enrollment change)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
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>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Special education	\$ -	\$ 10,000,000	\$ -
Transportation	\$ -	\$ 10,000,000	\$ -
Other	\$ -	\$ 12,000,000	\$ -
Total remaining gap	\$ 0	\$ (212,456)	\$ (107,760,142)

# Impact of Governor's Proposed Budget on FY23-24 planning

Description	Amount
4.5% Cost of Living Increase for staff - Planning 2.6%, Gov 4.5%	\$ (4.40)
Medical and Pension rate increases	\$ (1.55)
Special Education funded student cap - 13.5% to 15.0%	\$ 4.63
Special Education age 3-5 multiplier	\$ 0.11
Maintenance Supplies and Operating Costs - Planning 2.6%, Gov 2.6%	\$ -
Transportation - hold harmless	\$ -
Impact of Cost of Living increase on SEA contract cost	\$ 10.65
Net Revenue increase (available for 23-24 deficit)	\$ <b>9.44</b>

# Three Year Outlook – as of January 25, 2023

<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	\$ 1,053,624,496	\$ 1,080,475,988
Expenditures	\$ 1,147,563,115	\$ 1,185,364,044	\$ 1,203,796,149
Resource Gap	\$ (10,000,000)	\$ (131,739,548)	\$ (123,320,161)

<b>Solutions/(Enrollment change)</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
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	\$ (36,639,548)	\$ (123,320,161)

<b>Legislative - Governor's Budget</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Special education	\$ -	\$ 4,737,462	\$ -
Transportation	\$ -	\$ -	\$ -
Other	\$ -	\$ 4,702,519	\$ -
Total remaining gap	\$ 0	\$ (27,199,567)	\$ (123,320,161)

# Multi-Year Planning

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# Multi-year Budget Planning Objectives

- Develop a sustainable model for a system of well-resourced schools
- Adjust to forecasted enrollment
- Preserve resources in schools
- Create programmatic efficiencies in central office

# Multi-year budget planning strategies

- Spread use of Economic Stabilization fund across two years
- Identify central office and programmatic efficiencies and reductions
- Identify targeted reductions in schools
- Identify areas where state assistance is needed
- Consolidate into a system of well-resourced schools

# Multi-year budget planning

General Fund Position	2022-23	2023-24	2024-25
Revenues	\$1,137,563,115	\$ 1,053,624,496	\$ 1,094,175,988
Expenditures	\$ 1,147,563,115	\$ 1,184,614,044	\$ 1,187,296,149
Resource Gap	\$ (10,000,000)	\$ (130,989,548)	\$ (93,120,161)

Potential Solutions	2022-23	2023-24	2024-25
Ending Fund Balance	\$1,500,000	\$ 8,900,000	\$ -
Economic Stabilization fund (\$42.2M) total	\$ -	\$ 27,200,000	\$ 15,000,000
Capital Funds - extended	\$ -	\$ 10,000,000	\$ -
ESSER and other one-time resources	\$8,500,000	\$ -	\$ -
Central Office/programmatic reductions	\$ -	\$ 36,000,000	\$ 18,000,000
School Level reductions	\$ -	\$ 11,000,000	\$ 5,000,000
School Consolidations	\$ -	\$ -	\$ 28,000,000
Total remaining gap	\$ -	\$ (37,889,548)	\$ (27,120,161)

Legislative - Governor's Budget	2022-23	2023-24	2024-25
Special education cap lift and multiplier age 3-5	\$ -	\$ 4,737,462	\$ -
Other	\$ -	\$ 4,702,519	\$ -

Legislative – Potential	2022-23	2023-24	2024-25
Special education multiplier for K-12	\$ -	\$ 13,700,000	\$ -
Other	\$ -	\$ 14,700,000	\$ 27,200,000
Total remaining gap	\$ -	\$ (49,567)	\$ 79,839

# Budget Balancing Processes

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# Process for Central Office Reductions

- Identification of non restricted staffing and activities
- 15% reduction target provided to each Division
- Optimization of non General Fund resources – Grants, Capital Fund, Career and Technical resources
- Additional work on program reductions/elimination/pausing of central activities to achieve an additional \$10 million cost reductions for FY23-24

# Summary of Central Office Reductions FY23-24

Division	Dollar Amount
Academics	\$ 2,066,810
Assoc Superintendent's Dept	\$ 1,223,981
Business & Finance	\$ 1,359,753
Deputy Superintendent	\$ 1,305,936
General Counsel	\$ 806,680
Human Resources	\$ 1,616,594
Operations	\$ 14,835,877
Public Affairs/Board Office	\$ 389,211
Strategy & Climate	\$ 558,358
Student Services	\$ 1,904,750
Superintendent's Department	\$ 814,933
Total	\$ 26,882,884

## Preliminary staffing summary

Shift staffing to other funding	12.8
Close vacant positions	30.6
Employees laid off	27.8

# 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 Reductions FY23-24

<b>WSS FY23-24</b>	<b>FTE</b>	<b>Dollar Amount</b>
Cert Core extra staffing	N/A	\$ 1,902,555
50% of School Mitigation funds (balance of \$1.5M)	N/A	\$ 1,500,000
K-3 ratio adjustment	N/A	\$ 1,377,290
Eliminate Running Start admin funding	N/A	\$ 224,315
Reduce School Discretionary funds	N/A	\$ 1,918,722
Reduce Assistant Principals	N/A	\$ 1,576,126
Do not add additional School Athletic Director staffing to high schools	N/A	\$ 737,670
School programmatic changes	N/A	\$ 1,978,205
<b>Total</b>	<b>38.80</b>	<b>\$ 11,214,883</b>

# Board Discussion

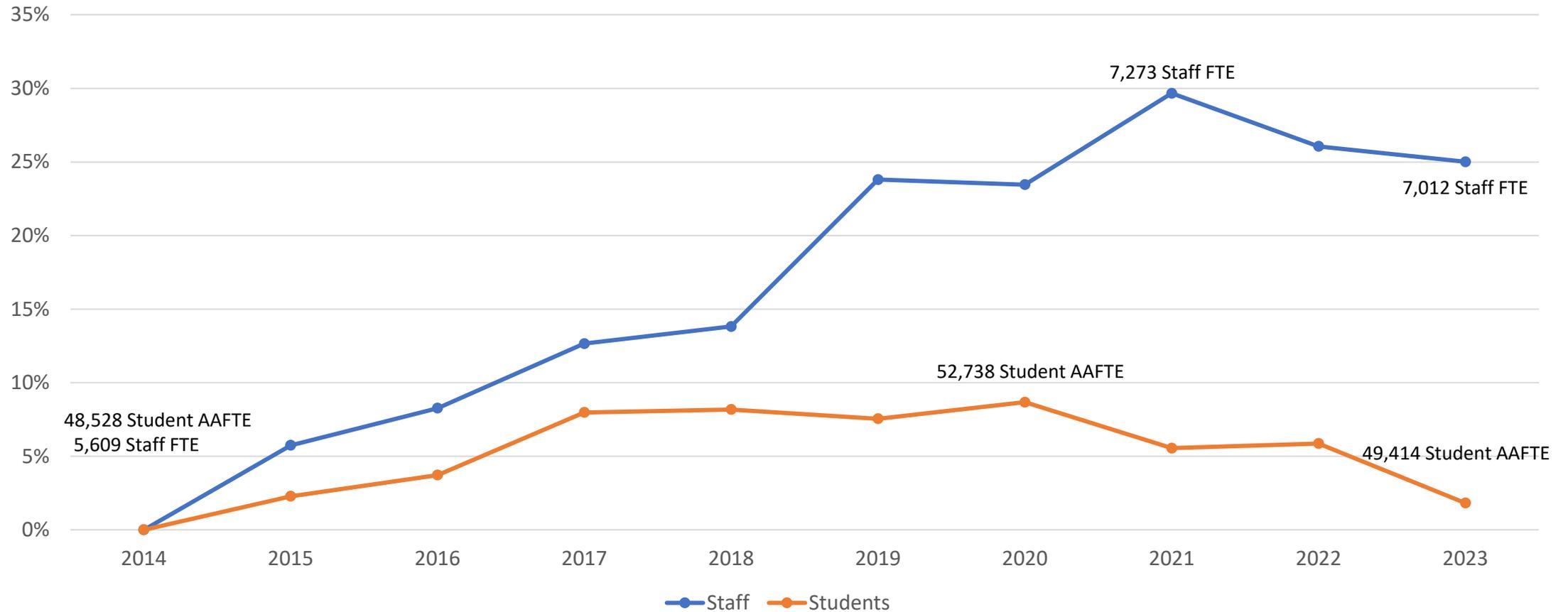
- What resonates?
- What are you curious about?

# **A System of Well-Resourced Schools**

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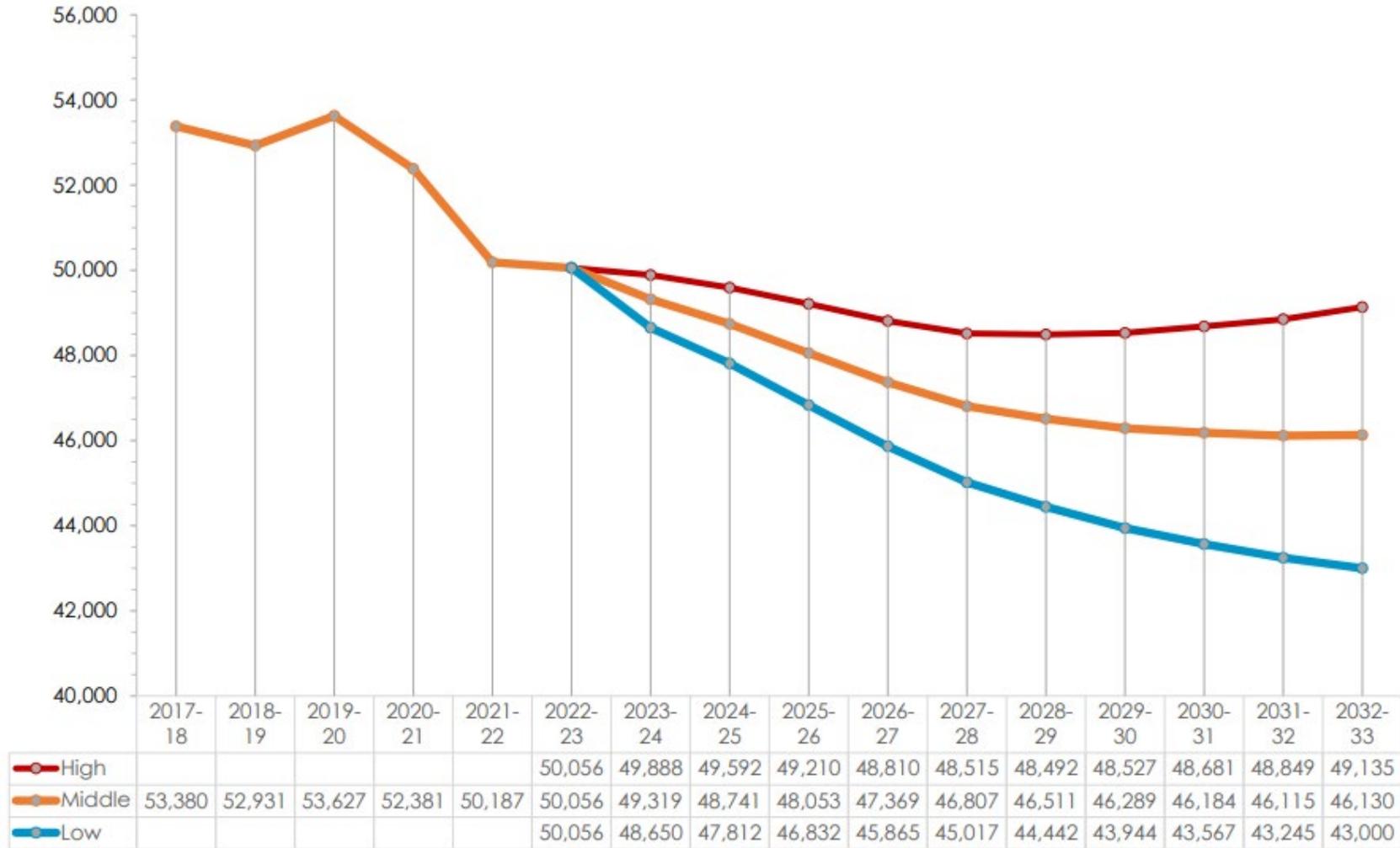
# SPS Has Added Staff While Enrollment is Flat or Declining

Cumulative Percent Change Since FY2014



Sources: Staff FTE – SPS internal budget development data; Students – OSPI report 1251

# Districtwide Enrollment Forecasts Low, Middle, and High Scenarios



# Consolidating to a System of Well-Resourced Schools

- Developing a system of schools with sufficient enrollment to have a broad spectrum of resources and educational choices
- Supporting inclusionary practices and services
  - Prioritizing student outcome goals and guardrails
- Optimizing resources in neighborhood schools
- Guided by SPS educational specifications
- Planning for changes in 2024-25 school year

# Consolidating to a System of Well-Resourced Schools

- Centering policies 0010 and 0030
- Guided by Racial Equity Analysis Tool to assess impacts
- Work with Community and Board on Guiding Principles and Parameters
- Apply objective and transparent parameters to identify schools in which to invest and develop

# Consolidating to a System of Well-Resourced Schools

- Learn from similar processes in other districts
- Leverage SPS processes for capital planning and attendance boundary adjustments
- Design engagement and decision-making processes this spring
- Begin process this fall

# Board Discussion

- As we realign SPS to new realities and SOFG, what are our opportunities?

# Communication

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# Sharing Information with Community

- Information sessions hosted by SPS Finance and Schools Leadership
- Transparency about what is shared information and where the district needs feedback
- Sharing information for 2023-24
- More opportunity for feedback for 2024-25 planning

# Next Steps

- Hosting information sessions
- Continue work to identify \$10 million of additional reductions
- Conversations with legislators regarding state level funding shortages for special education, transportation services and other
- Continued conversations with labor partners

# 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 1-28, 2023** – Community Information Sessions

**February 15, 2023 (tentative)** – Budget Work Session

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

**March 1-31, 2023** – School build their budget and staffing

~~**March 8, 2023**~~ – ~~Budget Work Session~~ (**tentative cancellation**)

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

**April 29, 2023** – Regular Legislative session ends

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

**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





# Questions?

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