

Budget Work Session

April 3, 2019

Presented by Chief Financial Officer
JoLynn Berge



Agenda

1. Budget timeline
2. Enrollment Projections
3. Start of School Process
4. Legislative Update
5. Restoration recommendation



SEATTLE
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SCHOOLS

Outcomes

1. Budget timeline, Enrollment Projection data and Start of School Process reviewed
2. Legislative Update
3. Consensus on restoration recommendation



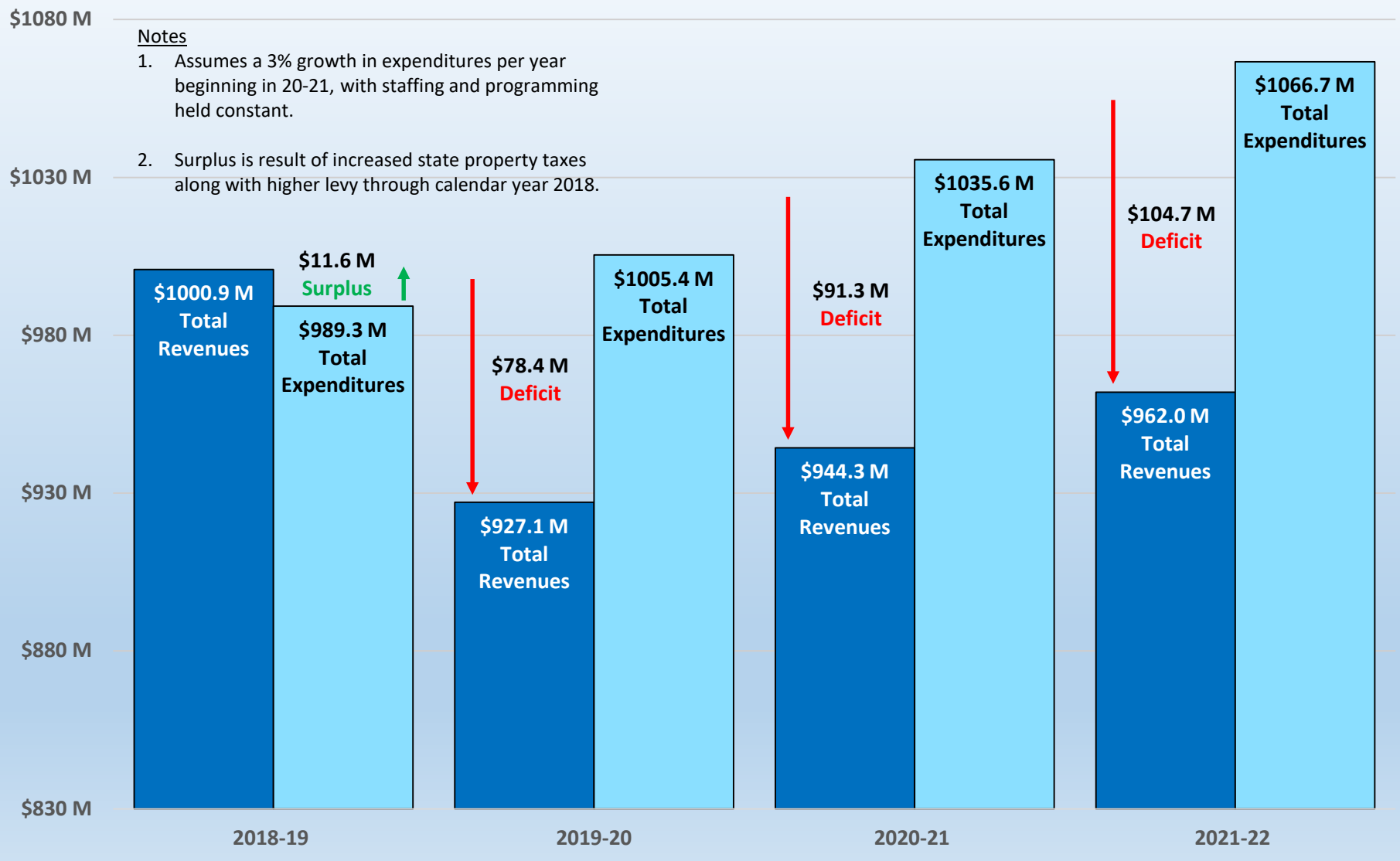
FY 2019-20 Budget Development Calendar



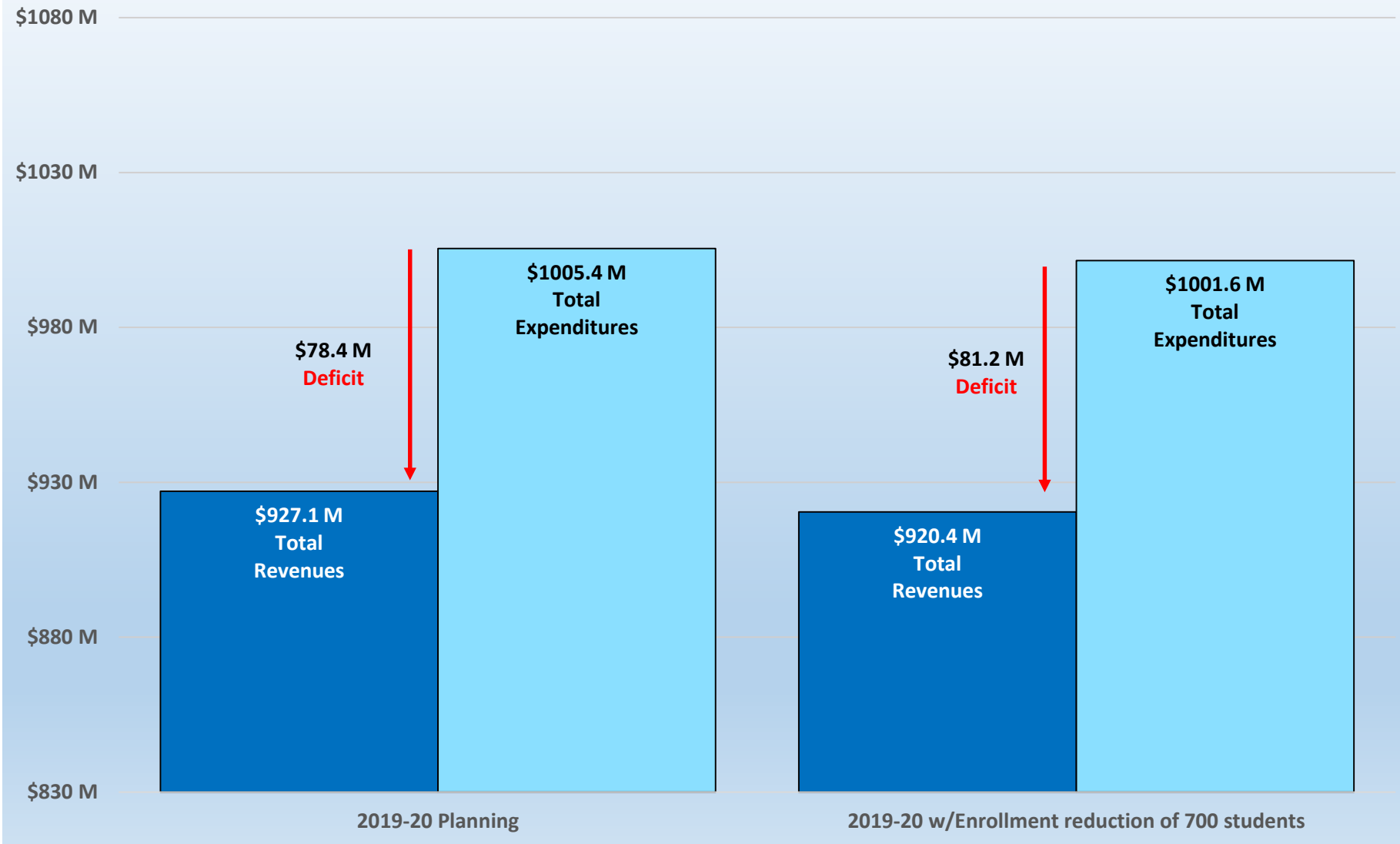
- **September 26, 2018** - Budget Work Session
- ~~**October 24, 2018** - Budget Work Session~~
 - ~~Review 2017-18 final numbers~~ - Cancelled
- **November 28, 2018** - Budget Work Session
- **December 12** - Budget Work Session/ WSS Committee recommendations
- **January 14 to April 30** State Legislative Session
- **January 16, 2019** - Budget Work Session to review recommendations
 - Review WSS Changes
 - Review Overall major budget changes
 - Consensus on budget
- **January 30, 2019** - Budget Work Session
- **January 15 to February 1** – Central budgets developed
- **February 28 26, 2019** – Budget Allocations to Schools
- **March 6, 2019** – Budget Work Session
- **April 3, 2019** – Budget Work Session
- **May 2019** – Final General Fund Balancing, Budget Book development
- **May 7, 2019** – Budget Work Session
- **June 10, 2019** – Board Action Report and Budget Resolution to A&F
- **June 26, 2019** – Introduce Budget to Board
- **July 3, 2019** – Required Public Hearing
- **July 10, 2019** – Board Action to adopt school year 2019-20 budget

Budget Outlook Summary For School Years 2018-19 through 2021-22

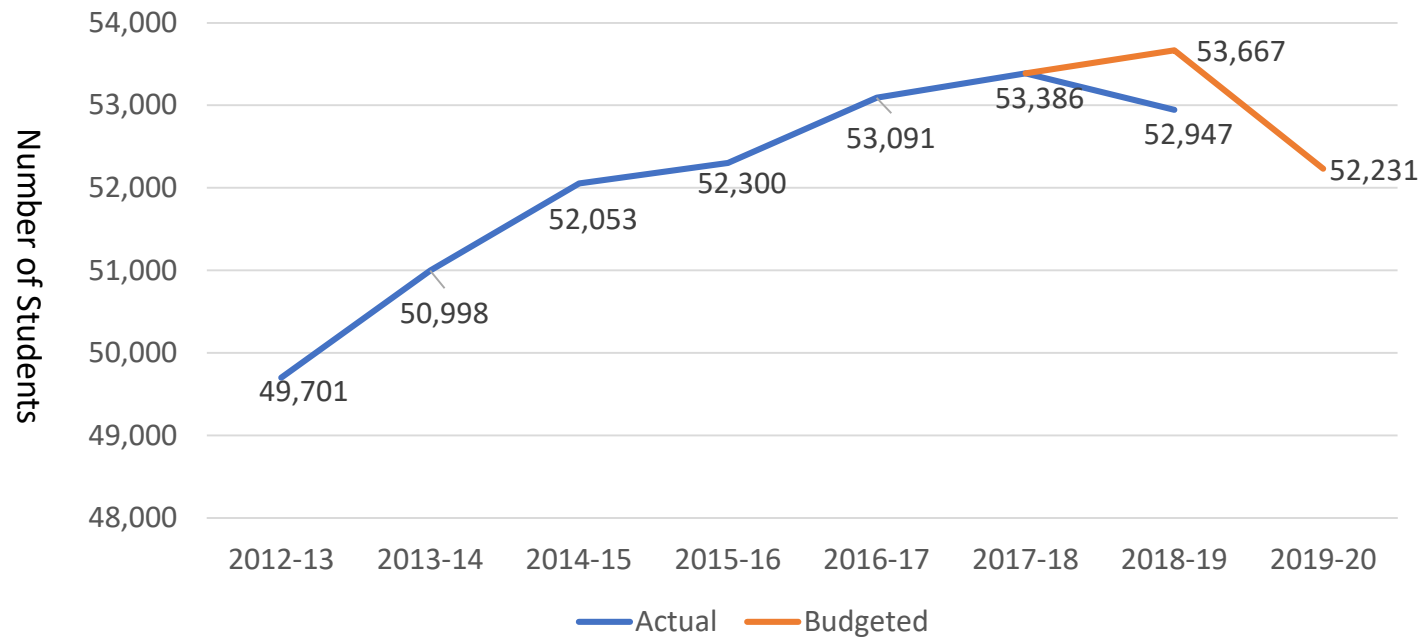
All numbers are estimates as of September 2018



Budget Outlook Summary For School Years 2019-20 before and after enrollment loss



Enrollment – October Headcount



Source: Actual October Headcount per OSPI report 1251H.

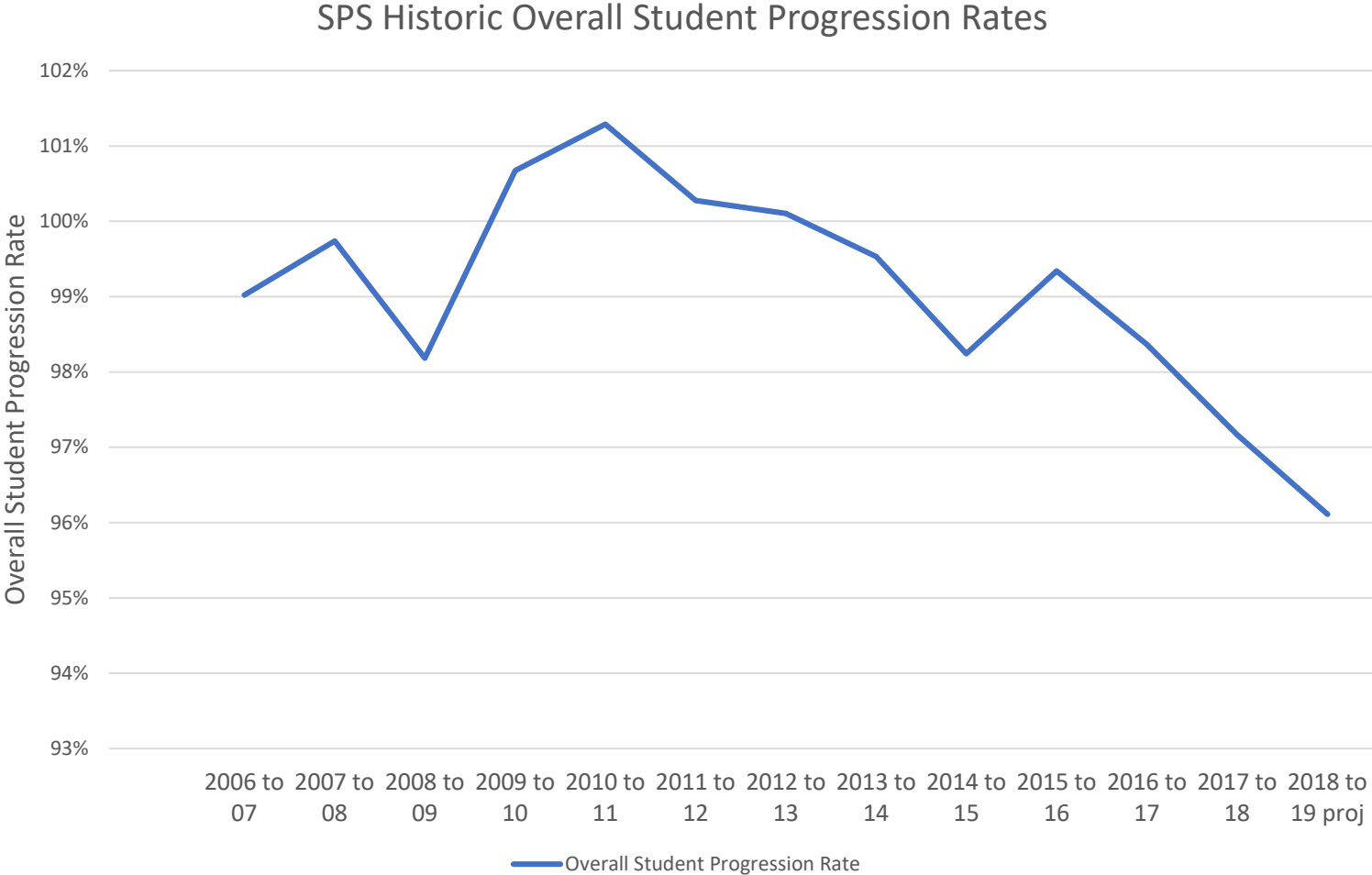
Historical and Projected Enrollment Growth

- The rate of growth in enrollment has been decreasing in most recent years as seen in the table.
- The projection for the 2019-20 school year assumes negative growth of 1.32% in comparison to the current year where the district saw a negative growth of 0.84%.
- In recent year, the difference between our projection and actual fall enrollment has been significant.

School Year	Actual Oct 1 Enrollment	Enrollment Growth	% Growth	Projected School Enrollment	Difference (Actual-Projection)	Accuracy %
2011-12	48,496	-	-	47,979	517	98.93%
2012-13	49,864	1,368	2.82%	49,477	387	99.22%
2013-14	51,010	1,146	2.30%	51,191	-181	99.64%
2014-15	51,988	978	1.92%	52,379	-391	99.24%
2015-16	52,324	336	0.65%	53,074	-750	98.56%
2016-17	53,102	778	1.49%	53,107	-5	99.99%
2017-18	53,380	278	0.52%	54,083	-703	98.68%
2018-19	52,931	-449	-0.84%	53,667	-736	98.63%
2019-20		-700	-1.32%	52,231		

Historical and Projected Grade Progression Rate

- The district’s overall student grade progression rate has been declining steadily since the 2016-17 school year.
- There was a 0.9 percentage point decrease in the grade progression rate this school year. With the highest decrease being 1.3 percentage points difference between 2014-15 and 2015-16.
- We assumed a 1.2 percentage point change in the overage grade percentage rate.



Historical Drops and Current Assignments

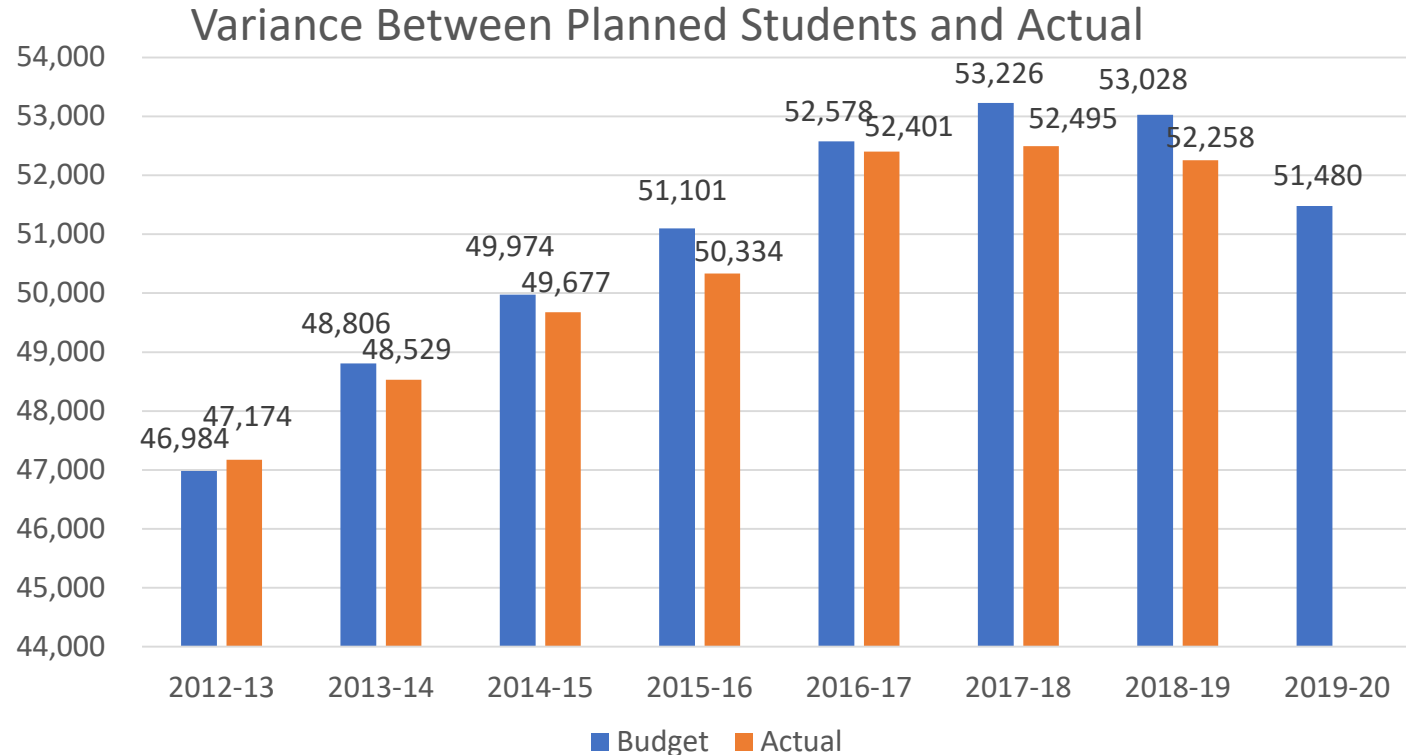
- The number of drops from the number of assigned students in April has been increasing.
- Last year there was almost three times as many drops as the year prior.
- For the 2019-20 school year we anticipate significantly more drops at the 9-12 grade band.

April to October Student Growth (or Drop) vs. Current 2019 Assignments and October Projection

Grade Band	2013	2014	2015	2016	2017	2018
K-5	686	705	499	736	664	418
8-Jun	-261	-422	-445	-363	-562	-494
12-Sep	-81	-47	-178	-40	-348	-625
Total	344	236	-124	333	-246	-701

Enrollment

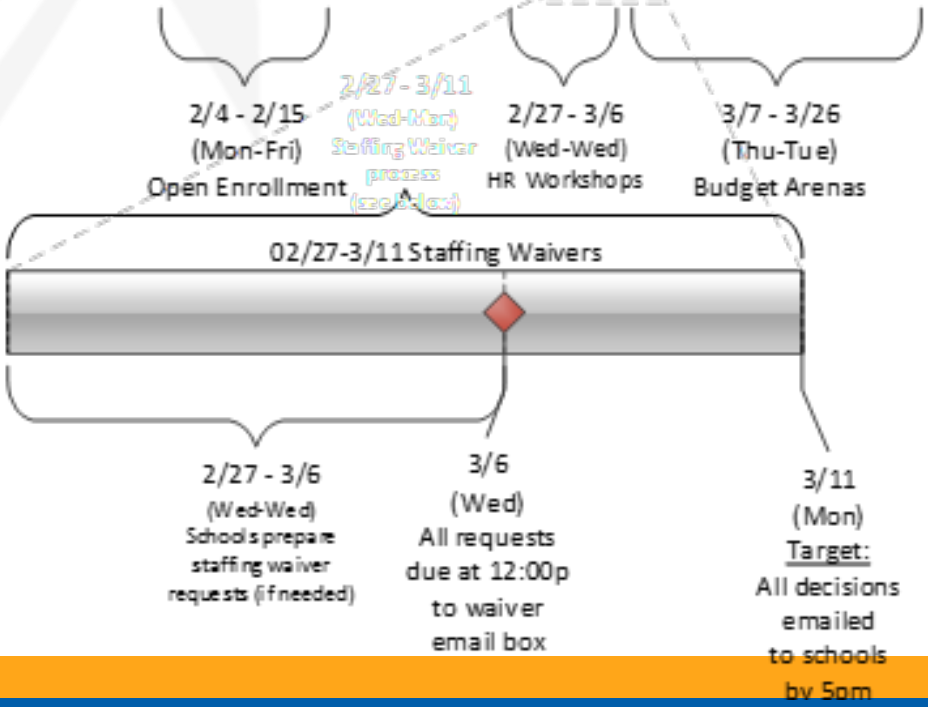
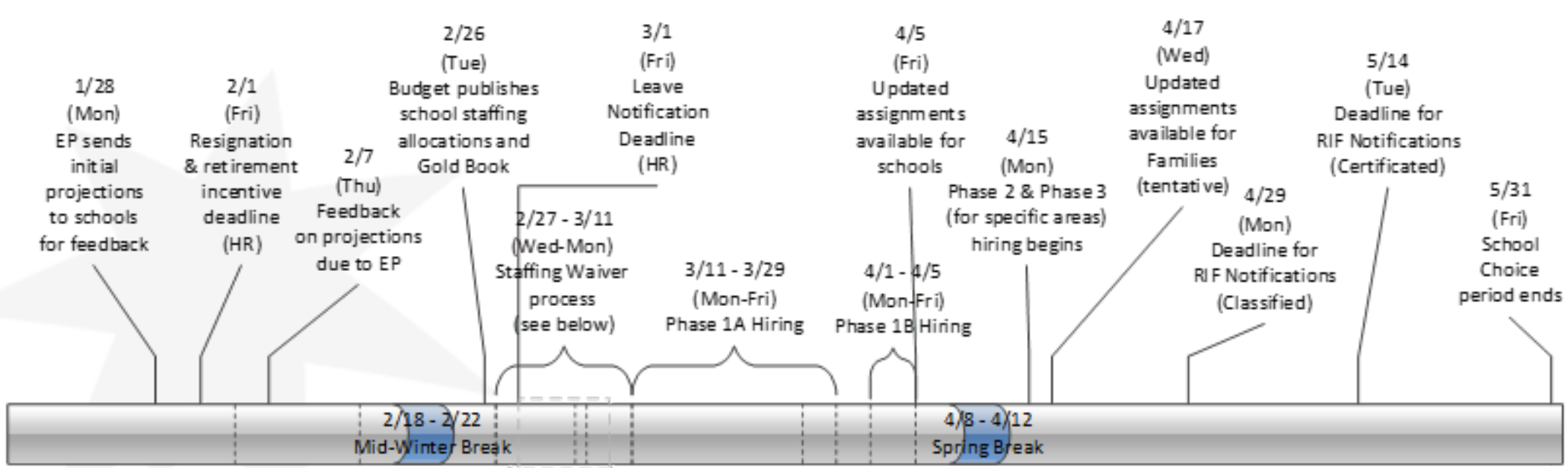
Annual Average Full Time Equivalent (AAFTE)



Enrollment excludes Running Start, Dropout Reengagement, and Summer School

Source for Budget Data: SPS Enrollment Planning Department.

Source for Actual AAFTE: OSPI Reports 1251 for Actual 2012-13 thru 2017-18, and 2018-19 projections from SPS Enrollment Planning projections based on Day 6 September.



- Key Future Dates:**
- June 20, 2019 – Last day of school
 - Aug. 31, 2019 – School wait lists dissolve
 - Sep. 4, 2019 – First day of school
 - Mid/Late September – Tentative school staffing adjustments based on actual enrollment

2019-20 Start of School Timeline

OCT

- Capital Planning works with 5yr & 1yr projection
- Advanced Learning Referral/Testing Window begins
- WSS Meetings occur

NOV

- Start of School team begins scope review
- Student Assignment Plans change
- School Board votes on changes to SAP

DEC

- Boundary Changes possible, check by School Board
- Capital Planning 10yr projections
- Early Learning coordination
- SPED service placement decisions
- Program placement decisions
- Winter Break

JAN

- Budget process begins
- Student Enrollment begins
- BAR sent for Capacity Mgmt
- WSS School Staffing model changes
- Budget reviews WSS recommendations
- School Boundaries changes made

FEB

- Initial Projections made for school year
- Open Enrollment occurs
- Resignation Retirement Notice required
- Advanced Learning eligibility notifications
- Mid-Winter Break

SOS Cycle Timeline – Part 1/3

MAR

- Leave notification deadline
- HR Workshops to prep for Arenas
- Staffing Waiver & Mitigation processes
- School Budget Arenas begin

APR

- Capital Planning receives revised Enrollment Projections
- Hiring Phases begin
- Wait list moves occur
- RIF Classified Deadline
- Spring Break

MAY

- RIF Certified Deadline
- School Choice ends

JUN

- Capital Mgmt planning receives updates
- Budget Public Hearing
- Update Allocations & Projections
- Last Day of School
- Summer Break

JUL

- Budget review with Board

SOS Cycle Timeline – Part 2/3

AUG

- Budget Board Action for Approval must be completed per state law
- Wait Lists dissolve

SEP

- First Day of School
- Collect student counts
- Update Allocations

OCT

- Displacement & Assignment processes

NOV

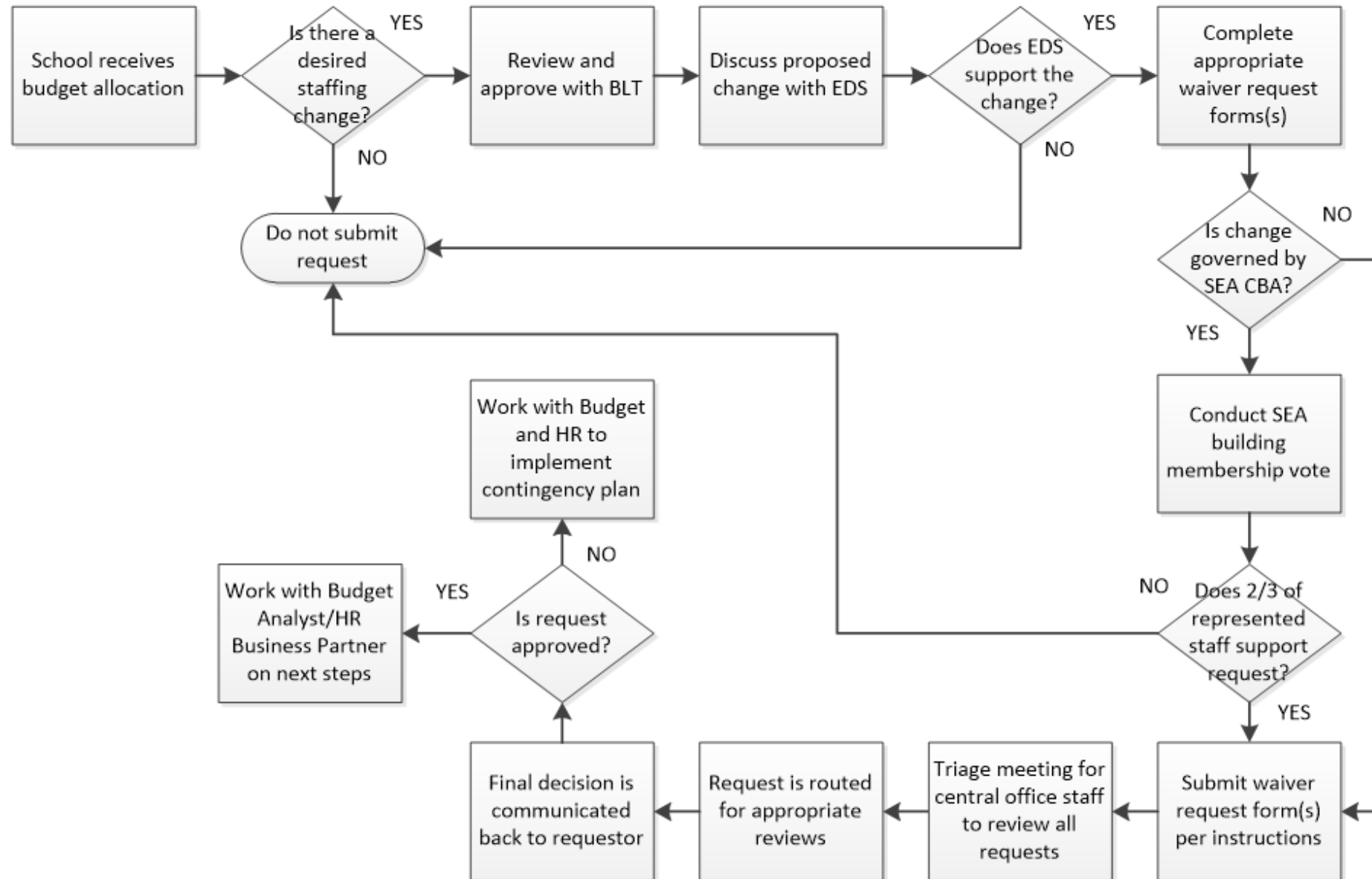
Repeat SOS cycle

DEC

Repeat SOS cycle

SOS Cycle Timeline – Part 3/3

Process Flow Diagram



Q: Baseline WSS allocation: Have we approved the WSS, or just the cuts? What is the full WSS formulas and staffing allocated by school?

A: The Board approves the changes to the WSS each year. The WSS formulas are provided in Attachment 2 of the January 16, 2019 work session along with an example of a school staffing allocation. Allocations by school can be found in the Purple Book [here](#), select Resources.



Q: Post-open enrollment adjustments: How and when do Principals/ school community provide enrollment feed back to the district, and what is the process for making adjustment to the staffing allocations?

A: Enrollment projections were sent to schools on January 28. Feedback by schools was due to Enrollment Planning on Feb 7.

Staffing projections went out Feb 26. For the next 3 weeks or so, the Chief Academic Officer and Chief Financial Officer (Diane, JoLynn)

Enrollment Planning continues to process waitlists and open enrollment and updates numbers by June 1. Staffing adjustments are made based on updated data by mid-June.

Counts are completed by schools each of the first five days of schools and additional staffing/mitigation are processed by Day 10.

Q: Additional funding to schools (foundations, FEPP, Title I, 501c3 grants etc): What allocations are included in the budget we approve, and what is the feed back loop from schools to the district budget as they are adding funding and hiring more staff?

A: Directors are approving expenditure authority per state law by fund, as well as grants above \$250k per policy.

Capacity is built into the expenditure authority each year.

Administrative Procedure requires schools to complete an “Intent to Apply” form and all grants are recorded on the Grant Inventory that is posted on our website. Schools must process through Budget and HR if they want to hire staff and identify the fund source.

Q: Educator displacement (RIFs): When do these need to be notified to SEA, and from which budget are these determined? Before or after open enrollment and additional funding adjustments?

A: The educator displacement process begins as soon as both school and central office budgets are completed. We have SEA represented staff who work in central office and those also need to be calculated. Classified employees need to be notified of a Reduction in Force (RIF) by April 30th, per the CBA. Certificated staff need to be notified by May 15th per state law. HR spends a full two weeks analyzing school staffing for the following year. Based on this analysis we estimate the number of staff who will be RIF'd. Several years ago the Board SMART Goal was to get to “open hiring” earlier than in years past. We used to not get to Phase 3 hiring until late May. This caused us to lose out on candidates to neighboring districts who begin open hiring in April.

Q: When is the Operations Committee (per the charter) and the board (per the Capacity management policy) providing input on wait list moves to allow in students when there is "space available, and when are staffing adjustments made to reflect updated enrollment?

A: The policy around waitlist moves is dictated by the Student Assignment Transition Plan. Per the plan, waitlist are moved when there is space available within the allocated staffing. Any changes to this policy and practice would require changes to the Student Assignment Transition Plan which occurs annually each winter. A small amount of staffing adjustments take place in mid June based on updated and additional adjustments take place at the start of the school year based on actual enrollment.



Q: CSIP and BLTs: When is there a check to be sure that the staffing allocation/budgets at schools are aligned with the CSIPs and approved by the BLTs?

A: CSIPs are driven by a school's data. Staffing must be aligned to the CBA and is to support the CSIP. Budgets are all approved by BLTs and put to the staff for a vote.

Budget alignment is part of the work with the CSIP.



2019-20 Budget Balancing				Superintendent's Recommendations/ Consensus Reached on Jan 16, 2019	Notes
		Options			
		Total projected deficit	(\$78,400,000)	(\$78,400,000)	
✓	1	2017-18 underspend	\$22,000,000	\$22,000,000	Majority is savings from vacancies
	2	Fund Balance planned to help 2019-20	\$5,000,000	\$5,000,000	
	3	Unassigned Fund Balance	\$3,700,000	\$3,700,000	Would leave only the economic stabilization fund to fall back on
✓	4	2018-19 Underspend	\$5,000,000	\$8,000,000	A large portion of the 2018-19 underspend will be needed for 2020-21
	5	Remaining deficit	(\$42,700,000)	(\$39,700,000)	
		Items for Consideration			
✓	6	Reduce Economic Stabilization Fund to 3%	\$2,000,000	\$ 2,000,000	Reduced the economic stabilization fund down to minimum of 3%
✓	7	Move \$3m of infrastructure costs to capital	\$3,000,000	\$3,000,000	Total amount approved was \$4m, this is the amount that is capital eligible
✓	8	Curriculum (18-19 and 19-20 = \$7m)	\$11,000,000	\$7,000,000	\$6m of the \$7m for 2018-19 is not yet committed
✓	9	24 Credit Resources (18-19 and 19-20 = \$11m)	\$13,000,000	\$11,000,000	\$11m over 18-19 and 19-20
	10	Transportation Changes			
	11	Move Middle school to Metro (placeholder, waiting for estimate)	\$500,000	\$0	
	12	Add third tier to buses (revert to previous 2/3 tier mix)	\$2,500,000	\$0	
	13	Eliminate Option School buses (could result in loss of revenue, TBD)	\$0	\$0	
✓	14	Central Reductions	\$2,500,000	\$2,500,000	2.5% reduction, not all previous reductions were restored
✓	15	Fall Enrollment Adjustments and mitigations	\$4,000,000	\$2,000,000	Leaves \$4m in total
✓	16	WSS - School Based Reductions	\$16,500,000	\$12,200,000	\$12.2m is a 2.5% reduction; \$16.5 is a 3.4% reduction
	17	Total of Items for Consideration	\$53,000,000	\$ 39,700,000	

Legislative Update

House Budget – Total of \$15.2m in 2019-20

- \$13m for Levy (\$3,000 vs \$2,500)
- \$2.2m for special ed formula increase

Senate Budget – Total of \$2.7m in 2019-20

- No Levy increase
- \$2.7m for special ed formula increase + some unknown amount for Safety Net

Consensus Reached on December 12, 2018

- Use \$8m of anticipated 2018-19 underspend for 2019-20
- Reduce Economic Stabilization Account to 3% minimum
- Move \$3m of eligible infrastructure costs to capital

Consensus Reached on January 16, 2019

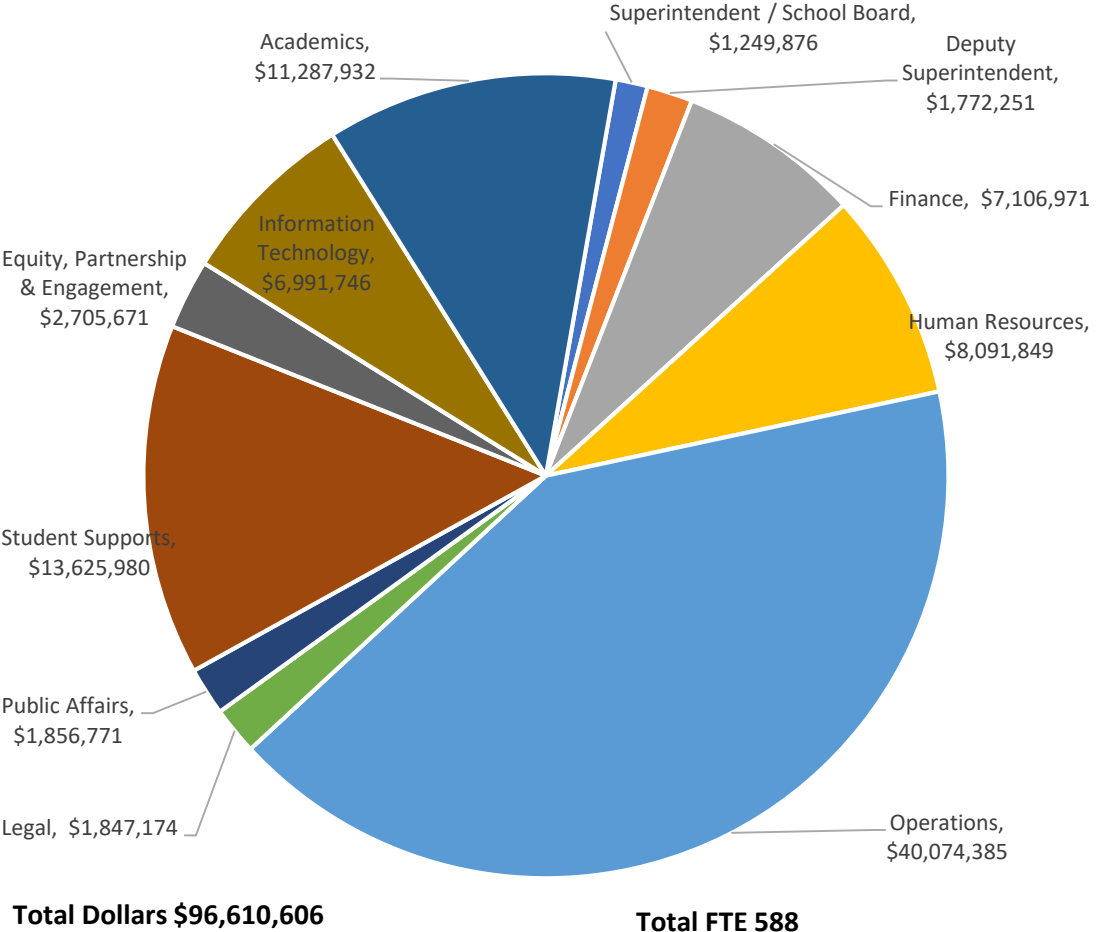
- Retain \$5m for Curriculum
- Retain \$2m for 24 Credit resources
- Reduce Central Office by \$2.5m
- Retain \$2m (for a total of \$4m available) for fall enrollment adjustments and mitigations
- WSS cuts to \$12.2m

Restoration Plan Recommendation

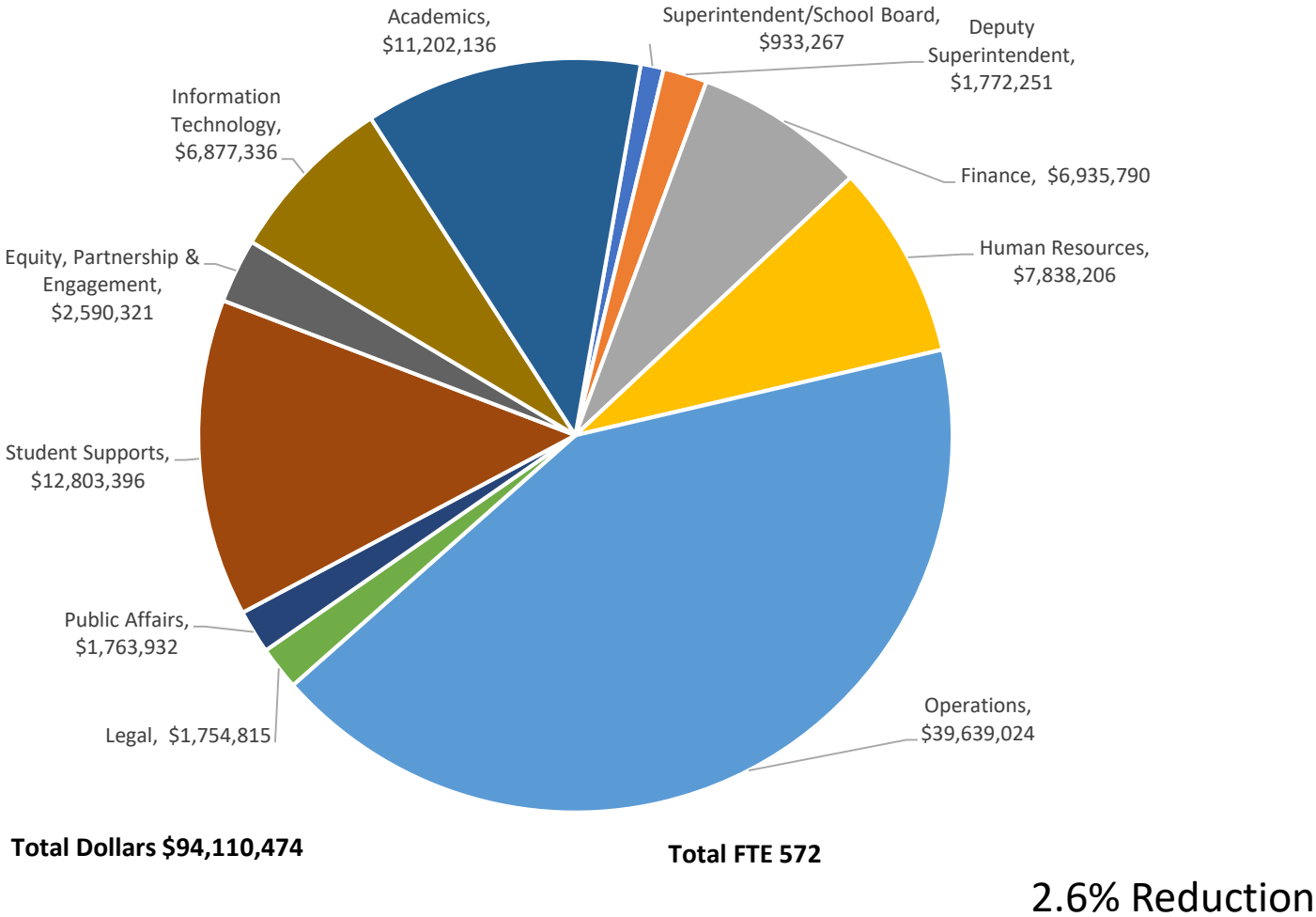
1. Fully restore WSS - \$12.2m
2. Restore 50% of:
 - Fall Enrollment
 - Central Admin funding
3. Prorate the remaining:
 - Fall Enrollment
 - Central Admin funding
 - Curriculum
 - 24 credits

Note: Central Admin and Fall Enrollment are recommended to be first, as these impact staffing positions.

Central Budget Prior to Reductions



Central Budget with Proposed Reductions



Summary of Central Reductions

	Dollars	FTE
Reduction in positions	\$ (2,044,858)	(19)
Non-staff reductions	\$ (1,164,443)	
Additions	\$ 709,169	3
Total	\$ (2,500,132)	(16)

Notes:

4.35 FTE, included above, are transfers to the Capital Fund.

Non-staff reductions may also include transfers.

Central Cuts by Division

		Initial Budget		Budget w/Reductions		Change in Budget	
		Dollars	FTE	Dollars	FTE	Dollars	FTE
Superintendent / Deputy / School Board	15.0	\$ 3,022,127	15.0	\$ 2,705,518	14.0	\$ (316,609)	-1.0
Staff						\$ (126,250)	-1.0
Non-staff						\$ (190,359)	
Finance	58.1	\$ 7,106,971	58.1	\$ 6,935,790	56.6	\$ (171,181)	-1.5
Staff						\$ (151,181)	-1.5
Non-staff						\$ (20,000)	
Human Resources	55.7	\$ 8,091,849	55.7	\$ 7,838,206	53.2	\$ (253,643)	-2.5
Staff						\$ (253,643)	-2.5
Non-staff						\$ -	
Operations	234.4	\$ 40,074,385	234.4	\$ 39,639,024	230.4	\$ (435,361)	-4.0
Staff						\$ (391,361)	-4.0
Non-staff						\$ (44,000)	
Legal	11.8	\$ 1,847,174	11.8	\$ 1,754,815	11.5	\$ (92,359)	-0.3
Staff						\$ (17,521)	-0.3
Non-staff						\$ (74,838)	
Public Affairs	11.8	\$ 1,856,771	11.8	\$ 1,763,932	10.8	\$ (92,839)	-1.0
Staff						\$ (92,839)	-1.0
Non-staff						\$ -	
Student Supports	74.4	\$ 13,625,980	74.4	\$ 12,803,396	70.2	\$ (822,584)	-4.2
Staff						\$ (653,984)	-4.2
Non-staff						\$ (168,600)	



Central Cuts by Division, cont.

		Initial Budget		Budget w/Reductions		Change in Budget	
		Dollars	FTE	Dollars	FTE	Dollars	FTE
Equity, Partnership & Engagement	14.8	\$ 2,705,671	14.8	\$ 2,590,321	14.8	\$ (115,350)	0.0
Staff						\$ -	0.0
Non-staff						\$ (115,350)	
Information Technology	43.5	\$ 6,991,746	43.5	\$ 6,877,336	42.9	\$ (114,410)	-0.6
Staff						\$ (114,410)	-0.6
Non-staff						\$ -	
Academics	69.0	\$ 11,287,932	69.0	\$ 11,202,136	68.0	\$ (85,796)	-1.0
Staff						\$ (85,796)	-1.0
Non-staff						\$ -	
Totals		\$ 96,610,606	588	\$ 94,110,474	572	\$ (2,500,132)	(16)

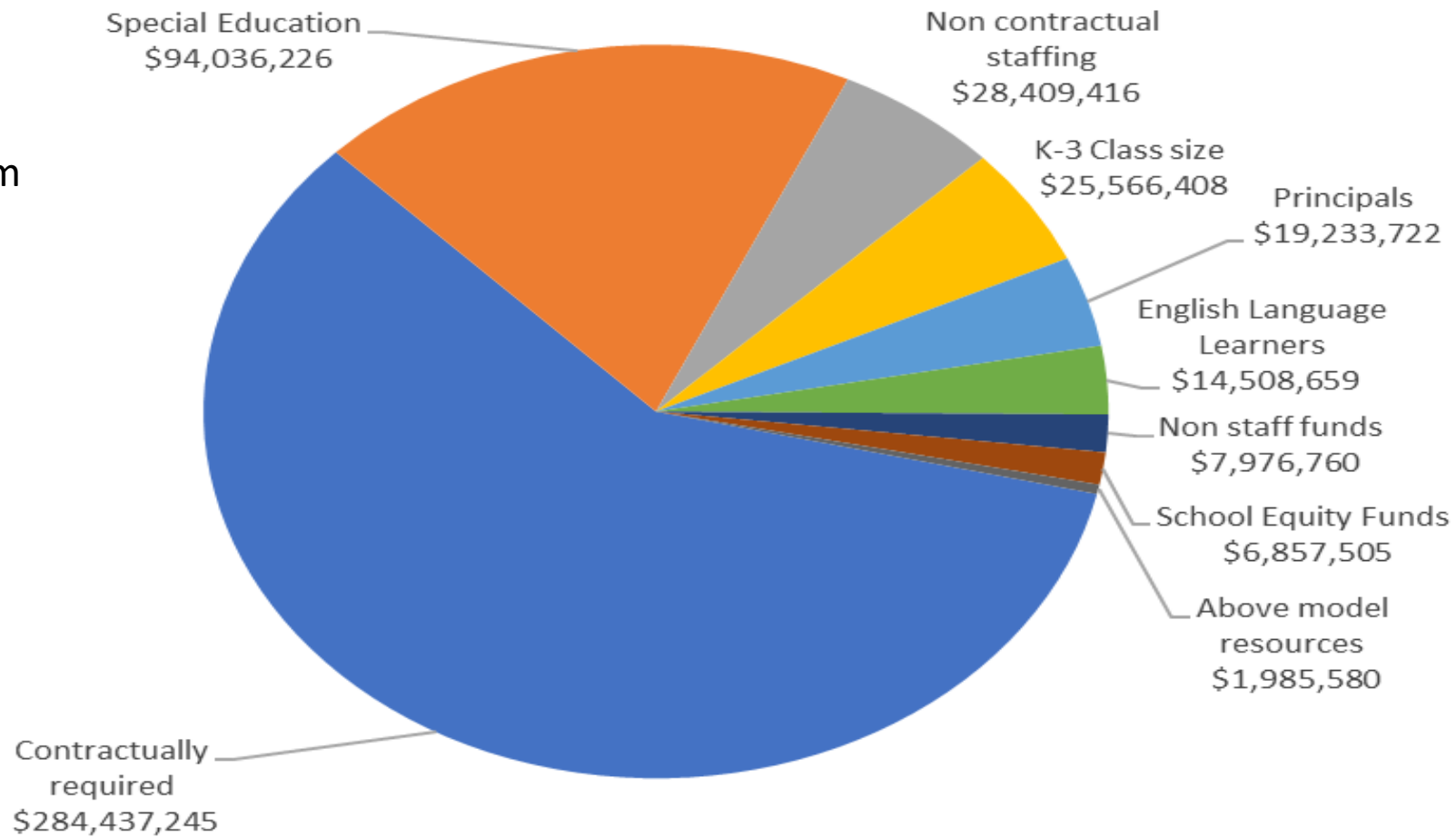
Note: 4.35 FTE, included above, are transfers to the Capital Fund.
Non-staff reductions may also include transfers.

WSS Committee Recommendations

2019-20 WSS Recommended Changes - Consensus reached Jan 16, 2019			
<u>Options (Based on 18-19 rates)</u>	\$12.2m Recommendation	Restoration Recommendation	
International Baccalaureate funds	\$ 400,000	do not restore, unless there is need	
Reduce librarians to half time	\$ 1,710,924	3	
Elementary counselors	\$ -		
House Administrators	\$ 512,500	4	
Assistant Principals	\$ 2,668,687	1a	Prorate between, with elementary principals as a priority
Cert Core (added staff for large schools)	\$ 2,108,024	1b	
School Equity Funds (\$ for every free and reduced lunch student)	\$ -		
Secondary class size to 30	\$ 2,842,077	2	
Fourth and Fifth grade to 28	\$ 1,957,788	5	
Kindergarten thru third grade to 26	\$ -		
	Total \$ 12,200,000		
Total WSS FTE of 4,447		90 FTE	

WSS Allocations for 2018-19

- Total of \$483m allocated through WSS (4,447 FTE)
- Reduction of 90 FTE = 2%



Outcomes

1. Budget Timeline reviewed
2. Review of prior consensus items
3. Updated on engagement meetings
4. Review of school staffing worksheet
5. Review and discussion of restoration recommendation

Questions?



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