

Board Special Meeting

Work Session: Budget

October 7, 2019, 6:30 - 8:00 p.m.

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



Minutes

Call to Order

This meeting was called to order at 6:30 p.m.

Directors Pinkham, Geary, Mack, Hersey, Burke, and DeWolf were in attendance.

This meeting was staffed by Chief Financial Officer JoLynn Berge.

Work Session: Budget

Chief Financial Officer JoLynn Berge summarized the agenda and reviewed the possible outcomes. Ms. Berge spoke about the general timeline for rolling out staffing in February 2020. Ms. Berge reviewed the enrollment for October headcount over time.

Director Mack spoke about enrollment projections done in 2008, noting it was at a time when schools were closing. She spoke about how enrollment projections were inaccurate that year. Ms. Berge explained enrollment has been growing over time, and in 2018-19 enrollment fell for the first time in several years. Currently, numbers are trending back upwards.

Director Hersey asked why the projections were off. Ms. Berge explained looking back historically could not be done as the trend line changed from gaining students to losing students in 2018-19, which skews the historical trend. The district will need to review more recent years to have a more accurate count. Ms. Berge noted the economy in Seattle also set some of our trends. More people move into the city without children. The district is continuing to monitor the trend each year.

Ms. Berge spoke about how the Average Annual Full-Time Equivalent (AAFTE) is how the district is funded, versus by head count. Director Mack asked when the October school-by-school enrollment numbers will be available. Ms. Berge stated she has asked for those numbers as submitted to the Office of the Superintendent of Public Instruction (OSPI) but has not seen or received them yet.

Ms. Berge spoke about the poverty level in the Seattle School District. She explained the district has high needs populations, however, they are in pockets within our district and overall poverty numbers are falling.

Director Geary asked about an analysis of what families at the poverty level are spending money on, such as housing in Seattle versus in other cities. Ms. Berge spoke about how OSPI did a study on this a few years ago. She explained that in a city like Yakima, the net amount they had to put toward taxes as a percent of income was higher than in Seattle. Ms. Berge spoke to the poverty statistics and percentage of students qualifying for free and reduced lunch.

Director Pinkham asked whether the poverty level is based on Free and Reduced Lunch (FRL). Ms. Berge confirmed yes, that is the case, and some students may qualify but are not applying. Director Mack asked if the Community Eligibility Provision (CEP) students would change the poverty level. Ms. Berge explained that yes, it could lower our poverty percentage.

Ms. Berge reviewed the budget outlook for 2019-20 through 2021-2022. The district is scheduled to have expenditures outpace revenues in each of those years. The district does have savings from previous years of underspending. Ms. Berge spoke about the legislative agenda and noted that funding gaps remain.

Director Burke asked if the deficit amount is being made up with local levy funding. Ms. Berge confirmed that yes local levy funding makes up the difference, particularly in special education and bilingual education. Directors discussed the remaining gap in special education and in bilingual education. Director Hersey asked about the breakdown by race in the special education program. Ms. Berge spoke to how during bargaining over-identification of students that are minorities for some special education programs was discussed.

Ms. Berge reviewed the upcoming 2020-21 budget development calendar and gave a brief explanation of deadlines and decisions that will be needed to be made by the board members. Director Burke asked who makes up the Weighted Staffing Standard (WSS) committee. Ms. Berge explained SEA executive leadership is on the committee, as well as PASS members.

Director Pinkham asked whether Directors can reach out to candidates to come to the budget work sessions. Ms. Berge explained the extra budget work session is scheduled to give them time to come up to speed.

Ms. Berge spoke about the state prototypical funding compared to actual allocations for general education. Ms. Berge spoke about the other certificated staff allocation that is a buy-whatever-your-school-needs allocation, where the school can buy a teacher, a nurse or a librarian. The choices are made at the school level.

Director DeWolf asked if a school decides they want a nurse over a librarian, is that their choice. Ms. Berge confirmed that this is correct, that choice is made at a school level.

Ms. Berge gave an overall view of the total resources based on the big sheet that directors had also reviewed at previous work sessions.

Director Geary asked why middle schools are funded so little. Ms. Berge explained elementary schools have lower class sizes and high schools have more course offerings and administrative needs. She noted that a lot depends on school size and enrollment.

Director Burke asked about the alignment of needs, outcomes, and funding. Ms. Berge spoke of the equity funding component of the staffing allocations, which provides a higher funding per pupil, and schools that have higher needs are funded for a counselor first, as a couple of examples. Superintendent Juneau confirmed the work of the strategic plan is linked to long term outcomes of the district's students.

Ms. Berge spoke about additional budget improvements for 2020-21. The goal is to help with transparency on the funding source, regarding self-help funds. Library spending will be collected by budget department on all funds allocated to libraries and library materials.

Ms. Berge gave initial thoughts on the direction of the budget for the 2020-21 school year.

Director Mack relayed a question from Director Harris. Director Mack asked where the saving in Central Office cuts were budgeted for the next year. Ms. Berge spoke to Central Office budget reductions, current fund balance estimates, and requirements for the district's economic stabilization account. Ms. Berge referred to prior conversations with the board during bargaining about spending down the fund balance over the next few years and noted the district can sustain what it is currently doing through 2023 by spending down the fund balance.

Director Mack asked about the additional 800 students this year, and the funding that comes with them. Ms. Berge spoke about how additional staff has been sent out to schools, and the conservative enrollment projection because of costs for a multi-year bargaining agreement, spending outpacing revenues, and the unfunded cost of the School Employee Benefits Board (SEBB), which is still \$8-10M out of levy funding. The district has not yet finalized the 2018-19 fund balance, and those details will be discussed at the next work session.

Ms. Berge explained the district can pay for what the district currently has allocated without having to make any cuts. Ms. Berge spoke about the capital budget currently having approximately \$7.3M in uncommitted, available dollars, and noted the need to for the funding for technology and noted the relationship to the collective bargaining agreement.

Director Mack stated that she would like capital budget underspend to be discussed by the Operations Committee. Ms. Berge explained that the topic will also be discussed during the Board's work sessions. Directors noted they would like it to be discussed with the full board present.

Ms. Berge explained there is new budget language from the state that does allow additional items to be charged to capital funds. There are no current plans for this to happen, but Ms. Berge did want the Directors to be aware of this change.

Ms. Berge spoke about final outcomes on district trends and the direction for the budget in 2020-21.

Adjourn

The Special Meeting adjourned at 7:55 p.m.