



# **Budget Study Session 1**

## **August 28, 2024**

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The following is a PowerPoint presentation.



# Seattle Public Schools

Budget Study Session 1  
August 28, 2024

[www.seattleschools.org](http://www.seattleschools.org) | Finance Division

Budget Study Session 1, August 28, 2024



# Today's Objectives

- Review / assessment of 2024-25 budget development process
- Provide the foundation for the budget development process for 2025-26



# Agenda

1. 2024-25 Budget Recap and Lessons Learned / Assessment
2. Proposed Goals & Principles
3. 2025-26 Preview
4. Proposed Timeline
5. Summary & Next Steps



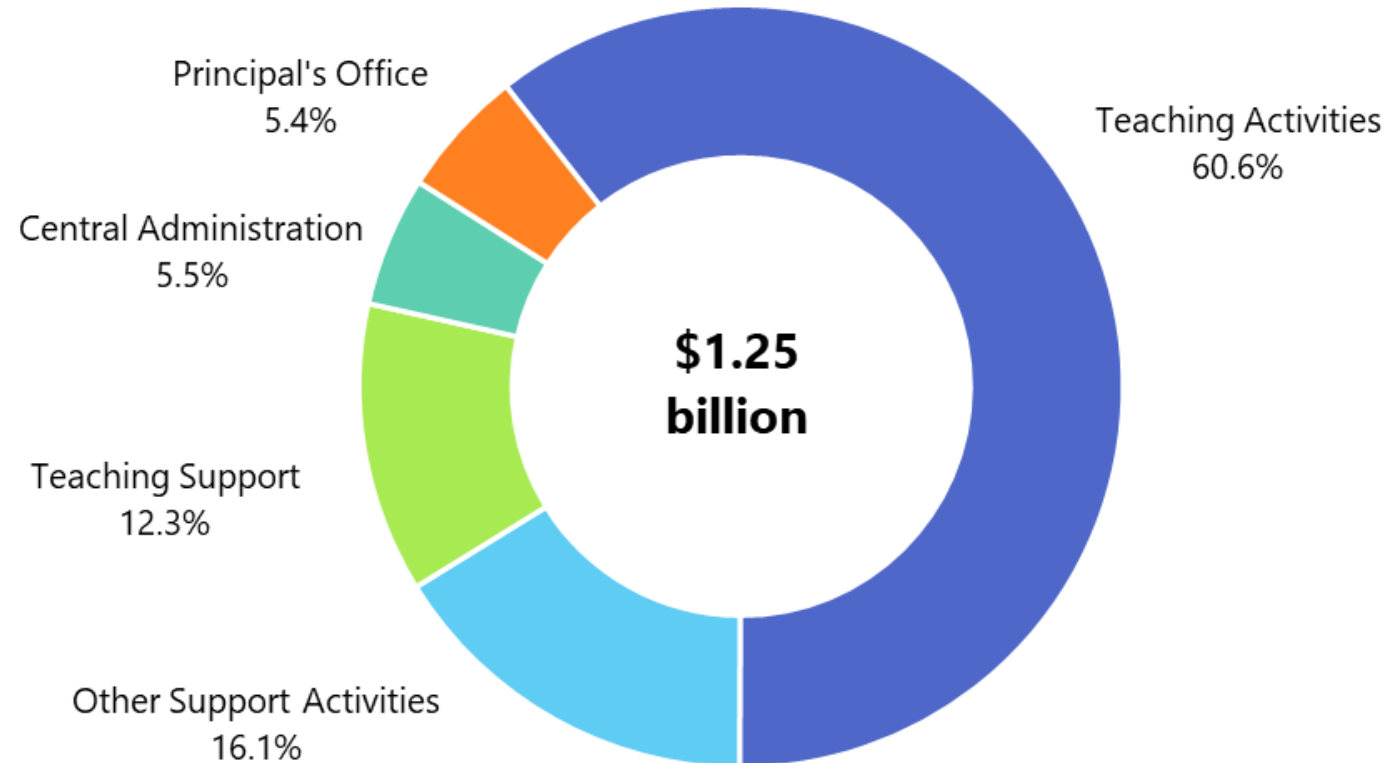
# 2024-25 Budget Highlights

- Seattle Public Schools' adopted General Fund Operating Budget for 2024-25 is \$1.25 billion.
- Maintains Strategic Plan investments of \$8.3 million.
- Keeps all schools open for the 2024-25 school year.
- On-going reductions of more than \$90 million over last two years.
- 2024-25 Budget changes:
  - Central Office staffing and expense reductions
  - School staffing allocation reductions
  - Non-represented staff compensation reductions
  - Other one-time solutions
  - Convenience fees and voluntary athletic fees implementation
- A short-term interfund loan of \$27.5 million was utilized to balance the budget for 2024-25 which requires repayment by June 30, 2026.



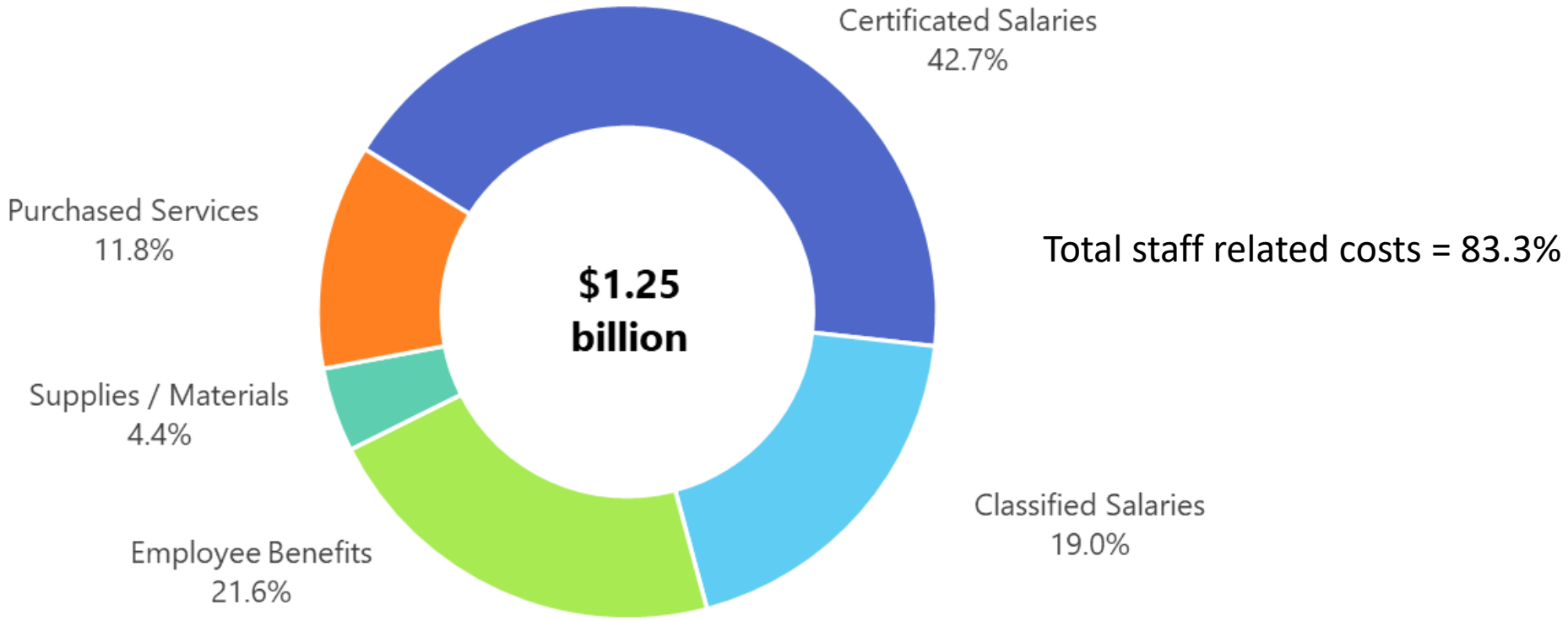
# Expenditures by Activity Group

percentages may not total to 100% due to rounding



# Expenditures by State Object

percentages may not total to 100% due to rounding



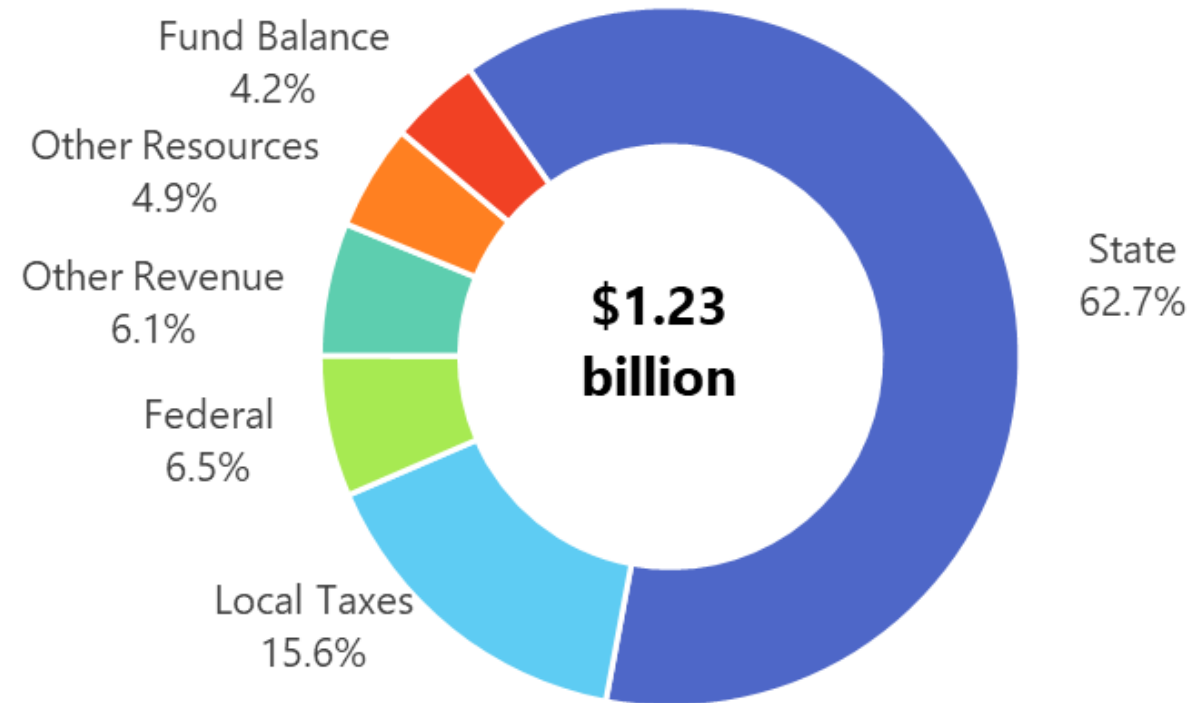
*Note: Travel and Capital Outlay are not shown due to percentages totalina less than 0.5%*



# General Fund Resources

## 2024-25 Budgeted Resources by Type

percentages may not total to 100% due to rounding





# Lessons Learned During the 2024-25 Process

- Highlight Connections to Strategic Plan
- Regular Review of Financial Information
- Fiscal Stabilization Plan Resolution Utilization
- Clarify Timing of Board Decisions
- Board Interest in Weighted Staffing Standards (WSS) Model Impacts
- Be Clear about Discussion v. Decision
- Transparent & Clear Information
- Other



# Questions

- What are your thoughts around your lessons learned from last year's process?
- Based on last year's budget development experience, what are the keys to ensure clarity going forward?



# Proposed Goals and Principles



# Budget Development Goals and Principles

- Stabilize our financial future to be able to fund our highest priorities
- Resolve long term (decades of) structural deficit spending
- Display fiscal stewardship and responsibility



**Prioritize quality instruction and learning**



**Good faith efforts:  
We each share the same values**



**Teamwork:  
Board and Superintendent  
are one team**



**Be clear on the challenges and opportunities**

# Question

- Any changes to the Budget Development Goals and Principles for 2025-26?



# 2025-26 Preview

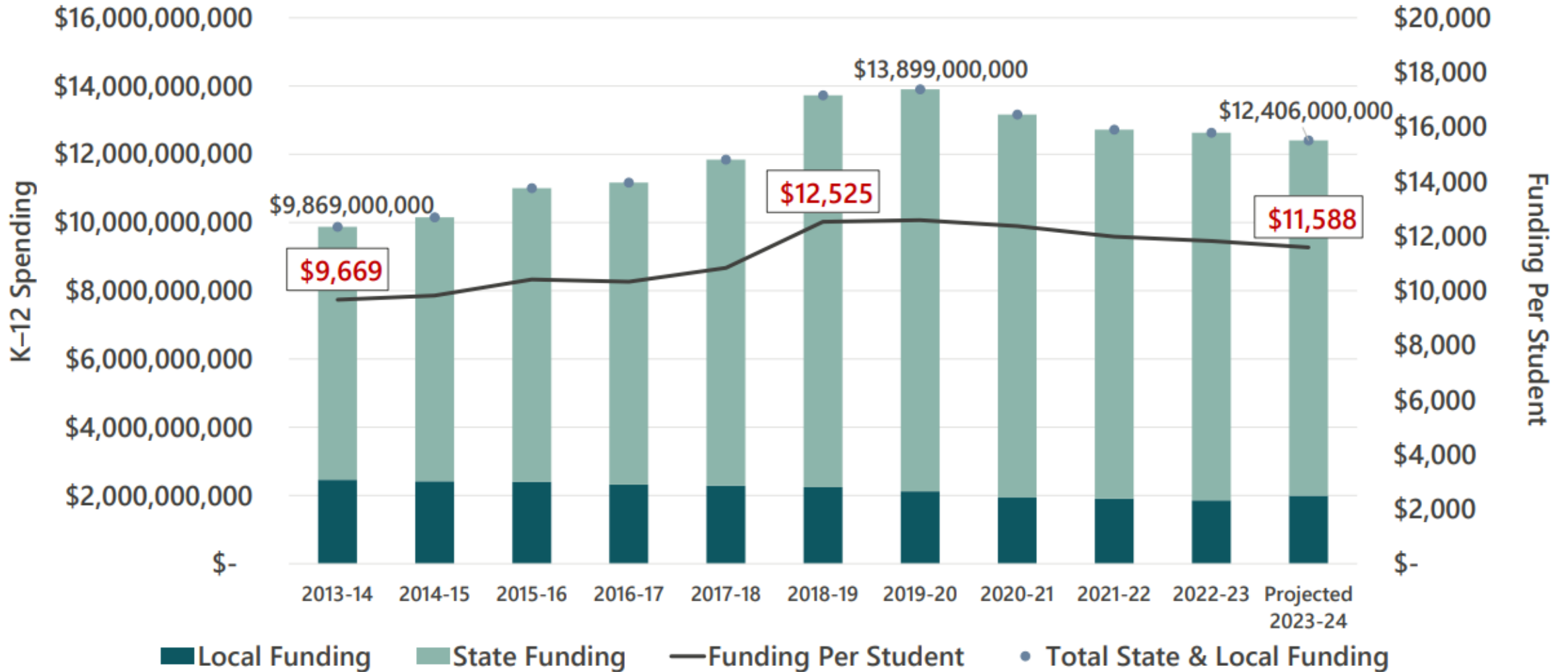


# Long-Term Financial Outlook

Fiscal Year	Total Resources	Total Expenditures	Contribution To/(From) Fund Balance
<b>2024-25</b>	\$1,174,108,329	\$1,252,959,867	\$(78,851,538)
<b>2025-26</b>	\$1,173,668,814	\$1,267,941,502	\$(94,272,688)
<b>2026-27</b>	\$1,180,370,195	\$1,285,273,427	\$(104,903,233)
<b>2027-28</b>	\$1,190,358,386	\$1,303,112,573	\$(112,754,187)



# Inflation Adjusted K-12 Spending & Funding Per Student





# Legislature

- The School Board and the Office of Superintendent of Public Instruction (OSPI) are working to finalize their respective 2025 legislative agendas.
- The 2025 Legislative Session convenes Monday, January 13, and is scheduled to adjourn on Sunday, April 27.
- This is a 105-day session. During this session, the Legislature will adopt the 2025-27 biennial budget.



# Proposed Legislative Solutions

## WASA's 2025 Budget Request

- Special Education
- Materials, Supplies, and Operating Costs (MSOC)
- Pupil Transportation



# Next Three Months

- **August 28** – Assessment / Foundation
- **September 18** – Introduction of Fiscal Stabilization Plan Resolution
- **November 19** – Board action on Fiscal Stabilization Plan Resolution



# Significant Variables for 2025-26

Well-resourced schools

Enrollment

Strategic Plan development

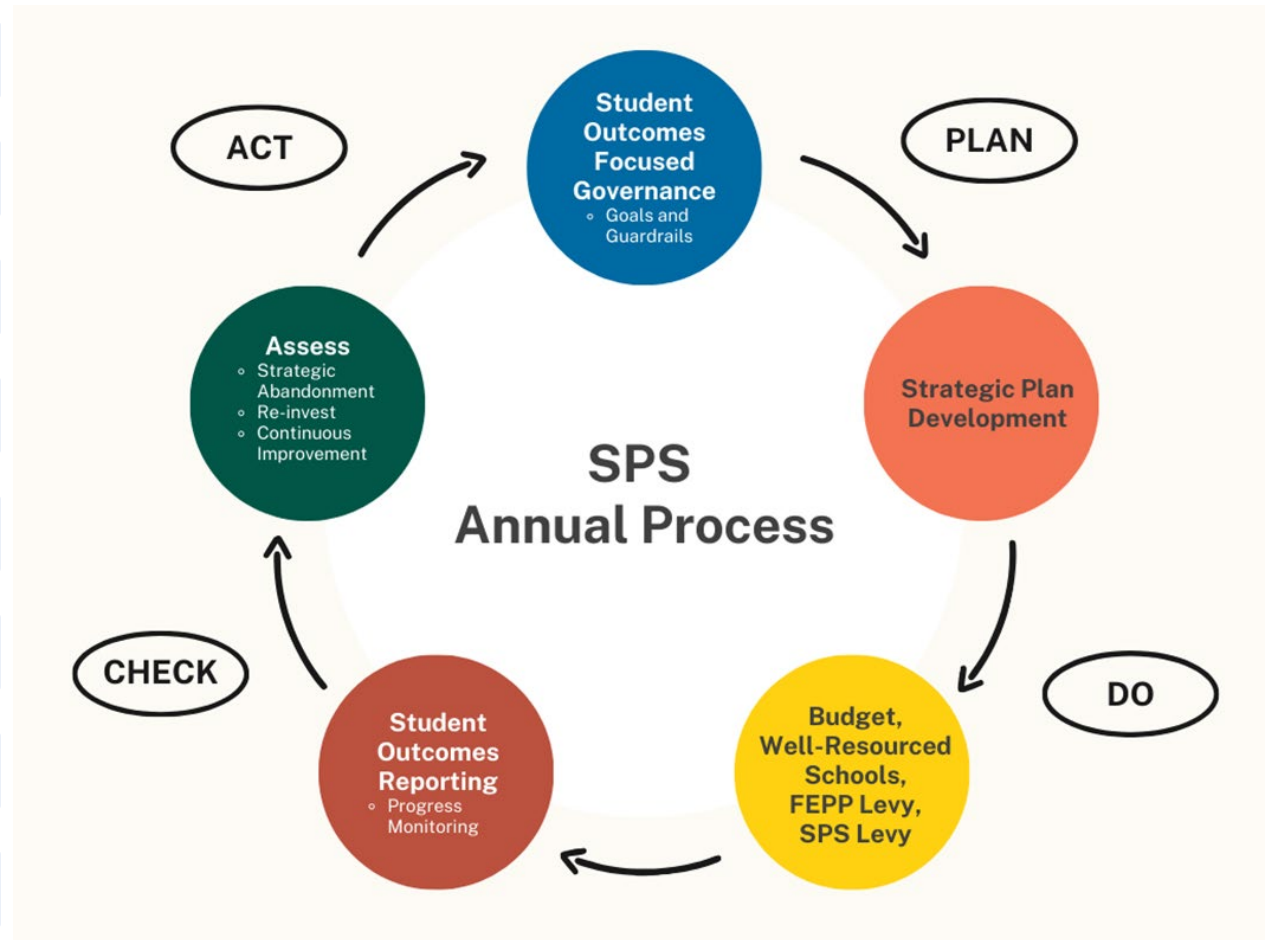
Legislative session impacts

Labor agreements expiring

SPS Levy vote in February 2025

City FEPP Levy vote in November 2025

Other?



# Decision Point

## Alternative Budget Reductions for 2025-26

Potential reductions	Positions	Savings
Eliminate all Elem. & K-8 School Asst. Principals	22	\$5 million
Increase middle & high school class sizes to 34:1	72.2	\$11.2 million
Increase 4 <sup>th</sup> & 5 <sup>th</sup> grades class sizes to 30:1	32.5	\$5 million
Increase K-3 class sizes (varies)	15	\$2.3 million
Reduce all Librarian positions to .5 max	15.5	\$2.7 million
Eliminate all School Equity Funds		\$5.4 million
<b>Total</b>	<b>157.2 positions</b>	<b>\$31.6 million</b>

### Typical K-5 Serving School Est. Cost Savings

**Other Support \$940,000:** Includes activities foundational to the operation of schools but not directly in the context of student instruction.

**Principal's Office \$375,000:** Includes management and coordination at the school level.

**Teaching Support \$170,000:** Includes building-based support services.

**Total \$1,485,000 x 20 = \$29.7 million**

# Funding our Future

1. Operational savings from the transition to a system of Well-resourced Schools (est. \$29.7 million)
2. Transportation changes (est. \$9-11 million)
3. Restructuring of non-comprehensive high schools (est. \$0-3 million)
4. School Programs (est. \$0-10 million)
5. Salary / Benefit Reductions (each 1% reduction of salary base is \$7 million)
6. Central Office Reductions (est. \$0-5 million)
7. Fees (est. \$0-2 million)
8. School Staffing reductions (est. \$0-31.6 million)
9. Other

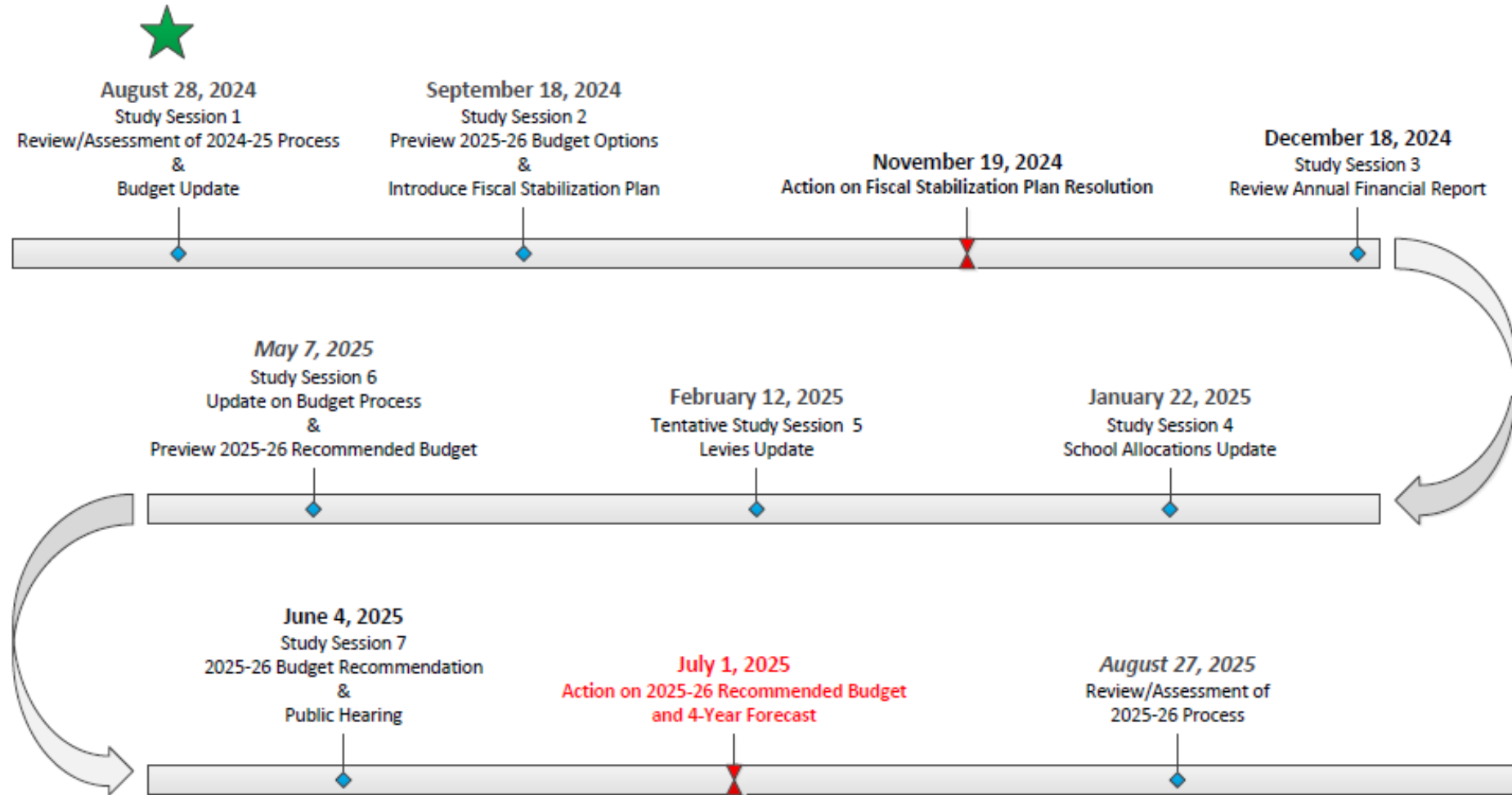


*it makes us happy  
for other people  
for each other*

# Proposed Timeline for 2025-26 Budget Development Process



# Proposed Budget Development Timeline



\* May & August are tentative dates

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Rev. 8/9/24





# Timeline for Full Implementation of Policies 0060 & 0061

- In November 2023, the Board adopted [Policy 0060](#) and [0061](#), asking the Superintendent to begin the process of creating alignment with these policies and to provide a general implementation timeline by August 2024.
  - Per the Board Action Report, “When clarity is needed from the Board, it should come as future amendments to these Guardrail policies. That said, the recommendation is for an initial review at the close of the next budgeting cycle and then every other year review.”
- In an effort to minimize disruption to schools, and in light of the fact that a number of the items outlined in [Policy 0060](#) are dependent on a new Strategic Plan and implementation of a system of Well-resourced Schools, it is recommended that full implementation begin with the 2025-26 school year.
- It is anticipated that full implementation will take more than one year.



# Question

- Any concerns regarding the proposed Budget Development Timeline for 2025-26?



# Summary

The district projects an on-going resource gap into the future and is working to stabilize the system through system changes and increases in resources.

## **Some areas of focus for the coming years are:**

- [Well-Resourced Schools transition](#)
- Improved funding for Special Education
- Improved funding and implementation of efficiencies in transportation & other support activities
- Labor contracts negotiations with union partners
- Additional reductions and efficiencies



# Question

- What guidance do you have for us as we move forward?





# Thank you!

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# Attachments

- Board Policy No. 0060 Financial Planning and Budgeting
- Board Policy No. 0061 Administration of the Annual Budget and Financial Reporting



	<p>FINANCIAL PLANNING AND BUDGETING</p>	<p>Policy No. 0060 November 15, 2023 Page 1 of 2</p>
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Financial planning or budgeting for any fiscal year, or part thereof, shall be derived from a minimum four-year plan in full compliance with state law and shall not risk fiscal jeopardy or deviate materially from the Board’s goals and resulting District strategic plan.

Without limiting the above, for any financial plan or budget, the Superintendent shall adhere to the following constraints.

**Budget Preparation**

The Superintendent shall not cause or allow Seattle Public Schools to:

- 1) Omit: credible projections of revenues and expenses, separation of capital and operational items, cash flow and significant balance sheet items, or disclosure of planning assumptions and analysis.
- 2) Fail to compare, for each major fund type and activity, the actual expenditures for the most recently closed fiscal year, budgeted expenditures for the current fiscal year, and proposed budget expenditures for the next fiscal year.
- 3) Fail to provide adequate and reasonable budget support for Board development and other governance priorities, including the costs of fiscal audits, Board and committee meetings, and Board memberships and activities as delineated in the Board’s annual plans.
- 4) In years in which an operating deficit or surplus is projected, omit categorical and programmatic location and type of budget reductions or enhancements and their maintenance of Board’s goals and resulting District strategic plan.
- 5) In years in which a significant operating deficit or surplus is projected, fail to present a Reduced or Increased Educational Program Resolution for Board approval.

- 6) Maintain or agree to school funding models that (a) fail to utilize data proven formulas centered on meeting student need, (b) are not flexible enough to ensure alignment with established goals related to ensuring student outcomes, and (c) are inconsistent with the Board's policies and statement of values including the Board's goals and resulting District strategic plan.
- 7) Fail to delineate, manage to, and communicate a clear timeline regarding the budgeting process.
- 8) Propose to retain static student assignment plans, school boundaries and transportation standards, if modifications will create or maintain efficacy in association with the proposed budget and aligned with high standards of service.
- 9) Fail to disclose any legally allowed budget options which mitigate financial risk and/or promise substantive fiscal improvement in the District's ability to serve students.
- 10) Fail to engage in long-range planning to ensure fiscal capacity and equitable compensation structures for all SPS employees.
- 11) Allow building or other leaders to solicit or accept funding in support of building, departmental or District budget if that funding is not (a) sustainable or (b) for one-time needs, and (c) clearly shown as matched by the District through a balancing mechanism consistent with the Board's goals and resulting District strategic plan.
- 12) Fail to delineate in budget the fiscal mechanisms and data the District uses to ensure Associated Student Bodies (ASBs), ASB Executive Committees, Boosters, Parent Teacher Associations / Parent Teacher Student Associations (PTAs/PTSAs), Parent Teacher Organizations (PTOs), funders, and building leaders are supported with pathways and processes that ensure equitable access, within and among buildings, to any and all curricular, extracurricular, athletic, social, equipment, materials, and opportunities generated through the use of Seattle Public Schools resources, with the express goal of equalizing access while retaining relationships with diverse contributors.

### **Adoption and Review of this Policy**

This policy was adopted for inclusion in the Board's Governance Policy Manual as a Guardrails policy with annual review by the Board in June.

This policy is being numbered as 0060 pending potential future reorganization of the policy manual.



Adopted: November 2023

Revised:


Cross Reference: Policy Nos. 0030; 0061; 1005; 1640; 3130; 3510; 3530; 3430; 4120; Series  
6000 Policies and Procedures

Related Superintendent Procedure:

Previous Policies:

Legal References:

Management Resources:

 <p>SEATTLE PUBLIC SCHOOLS</p>	<p>ADMINISTRATION OF THE ANNUAL BUDGET AND FINANCIAL REPORTING</p>	<p>Policy No. 0061 November 15, 2023 Page 1 of 2</p>
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### **Administration of the Annual Budget**

With respect to execution of the budget and the ongoing condition of the District's financial health, the Superintendent shall not cause or allow a material deviation from the annual budget or policy adopted by the Board, cause or allow any fiscal condition that is inconsistent with achieving the Board's goals and resulting District strategic plan or place the long-term financial health of the District in jeopardy.

Accordingly, the Superintendent may not:

- 1) Expend more funds than are anticipated to be received in the fiscal year unless authorized by the Board through utilization of available reserves.
- 2) Fail to meet debt and liquidity guidelines.
- 3) Indebt or obligate SPS to any amount greater than can be repaid by unencumbered revenues by the end of the current fiscal year.
- 4) Allow a year end fund balance that is below the budgeted amount.
- 5) Fail to settle payroll and debts within the timeframe of agreed contracts.
- 6) Fail to arrange for the annual audit of all District funds and accounts and budget for a non-state auditor audit every seven to eight years.
- 7) Fail to provide contract and business preferences to Women and Minority owned (WMBE) and local Businesses.
- 8) Fail to ensure equitable assessment of fees, or allow others utilizing SPS resources to do so, or utilize automatic waivers whenever possible.

## **Reporting**

The Superintendent shall ensure that the *Accounting Manual for Public School Districts in the State of Washington* compliant financial statements are presented on a multi-year comparative basis accessible for general public consumption and analysis and shall express alignment with the Board's goals and resulting District strategic plan as well as fiscal health. Without limiting the above, the Superintendent shall not:

- 1) Omit historical spending on a per building, line-item basis with year-over-year comparison.
- 2) Fail to provide historical actual spending and enrollment data in conjunction with year-over-year trends in student outcomes at the building, grade, District, and demographic levels.
- 3) Fail to provide publicly available data on three years year-over-year District spending.
- 4) Fail to keep complete and accurate financial records by funds and accounts in accordance with established fiscal accounting procedures as reflected in the *Accounting Manual for Public School Districts in the State of Washington*.
- 5) Allow reports or filings required by any state or federal agency to be overdue, inaccurately filed, or unavailable to the public.

## **Adoption and Review of this Policy**

This policy was adopted for inclusion in the Board's Governance Policy Manual as a Guardrails policy with annual review by the Board in June.

This policy is being numbered as 0061 pending potential future reorganization of the policy manual.

Adopted: November 2023

Revised:

Cross Reference: Policy Nos. 0030; 0060; 1005; 1640; 3127; 3510; 3520 Series 6000 Policies and Procedures

Related Superintendent Procedure:

Previous Policies:

Legal References:

Management Resources: