

# Seattle Public Schools

## **The Superintendent's Recommended Operating Budgets for Fiscal Year 2008-2009**



*Presented to the*  
Seattle School District  
Board of Directors  
June 18, 2008



## **A Message From Superintendent Dr. Goodloe-Johnson**

As I enter my second year as Superintendent of Seattle Public Schools, I am pleased to introduce this recommended budget for 2008-2009.

At Seattle Public Schools, it is our responsibility to ensure that *every* student in *every* school has the opportunity to excel. While we have strengths to build on, we also must improve in many areas in order to achieve this vision.

The strategic plan adopted this June identifies areas for immediate improvement, many of which have to do with creating a solid infrastructure of technology and central office systems to support our schools.

Our peer review audits praised SPS for our healthy financial reserves and strong attention to financial management. However, they also highlighted the need for our annual budget process to be better coordinated with our goals. Having clearly stated priorities for action in our strategic plan, we are accelerating the process begun in recent years to align the budget so that it directs resources to our top priorities. Improving our internal processes, decision making, and transparency with respect to how we allocate resources will allow us to assure the public that we are spending money where it will do the greatest good - strengthening our schools and improving student performance.

With this recommended budget, we can begin taking action on the strategies in our adopted plan that demand immediate attention in order for us to be successful. The recommendations are made in light of our need to meet inflationary demands without eroding support for academics. We face particularly tough challenges this year due to dramatic increases in fuel prices, salary and benefit pressures, and rising costs for materials. We have accommodated these considerations in this proposed budget through measures that include reducing other operating costs and eliminating a number of positions.

As we begin implementation of our strategic plan, we are determined to make strides toward ensuring excellence for every student in Seattle Public Schools. While we are committed to serving every student, we are also fully aware of the stark financial reality facing public school districts. Each year, we strive to create sustainable budgets in the face of rising costs and insufficient state funding.

We continue to do our part by seeking efficiencies in our system and increasing our efforts to secure partnerships where our own resources are insufficient to meet the demand. Most fundamentally, we pledge to continue to work in partnership with districts across the state to close the funding gap for public schools.

I look forward to working together toward achieving our vision of Excellence for All.

Sincerely,

A handwritten signature in black ink, reading "Maria Goodloe-Johnson". The signature is written in a cursive style with a large, stylized "M" and "G".

Dr. Maria Goodloe-Johnson, Superintendent

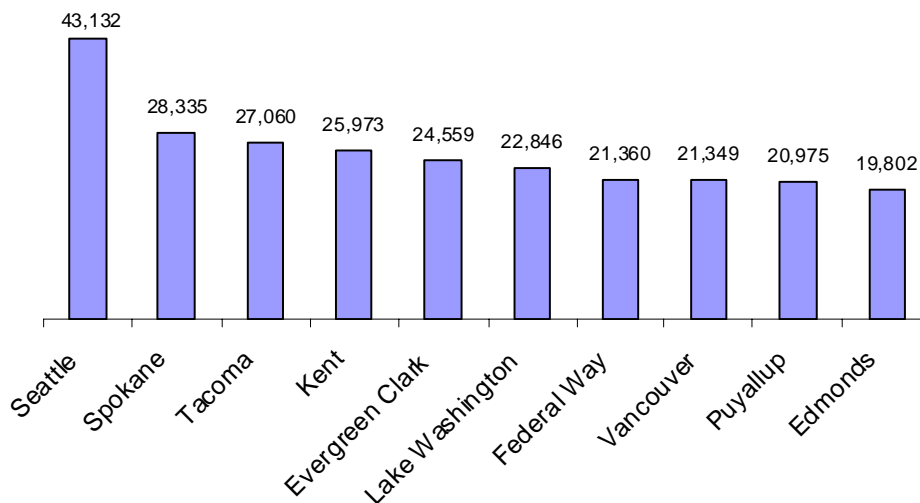
## Who We Are

### Our Students

Seattle Public Schools is the largest public school district in Washington State. Our student headcount, expected to total approximately 44,000 in the 2008-09 school year, comprises about 4% of the K-12 public school enrollment in the state. We serve approximately 76% of the K-12 students attending school in Seattle. Overall enrollment is declining slightly, with trends for 2009 indicating a slight enrollment decline. We serve a diverse student population, with many of our students eligible for and receiving specialized services.

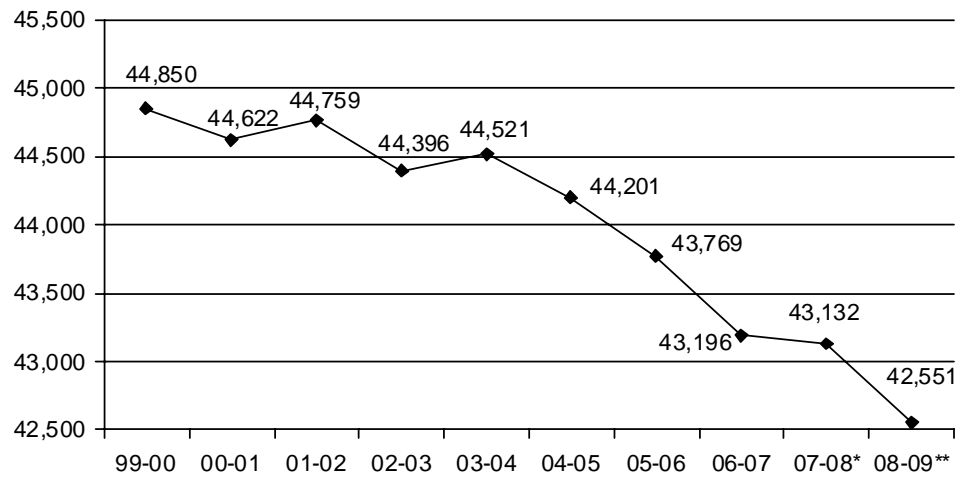
Approximately 12% of our students, representing many different languages, receive transitional bilingual services. An average of 13% of our students receive special education services, and a little less than 40% of our students qualify for free and reduced rate lunches. This forms the basis for other supplemental, specialized educational services.

Washington's Largest School Districts  
Average Annual K-12 FTE Enrollment



Source: OSPI Report FY 07-08 F-195

## Seattle Public Schools Average Annual K-12 FTE Enrollment



\*07-08 Adopted Budget

\*\*08-09 Recommended Budget

Source: OSPI Report 1251

## The Recommended General Fund Budget for 2008-09

Detail is provided in this document regarding major changes to the FY08-09 General Fund Budget compared to the current year budget. The first section identifies major revenue changes and the second section discusses expenditure changes.

Included in the \$556.2 million budget recommendation is \$30.4 million of budget capacity: reserves not backed by dollars at this time. Since adoption of a recommended budget limits the total spending of the District to a set amount, (in this case \$556.2 million) it is necessary to build into the budget room for potential unknown revenues so they can be used. Without this capacity the District would need to request a budget extension (added spending authority) each time new funds were received. Since this process is both expensive and time consuming the District attempts to address it by adding capacity based on past history and future predictions.

The \$30.4 million of current budget capacity includes the following: \$15.5 million of capacity for new grants or grant funding increases received after the budget is adopted, \$3.0 million to allow schools to carry into FY09 potential non-staff under spend from FY08, \$7.6 million of capacity for self-help funds to allow schools and central departments to receive and expend funds collected in FY09, and \$4.3 million to allow schools and departments to carry into FY08-09 any unspent self-help from FY07-08. None of these capacity funds are released for expenditures until final carry forwards are known or grant awards are received.

### Revenue

Seattle Public Schools receives funding from a variety of sources. Noted below are the five major resource categories: State, Local Levy, Federal, Other Revenue, and Other Resources. Following the graphs on this page is a detailed explanation of each type of funding and major changes anticipated between FY07-08 and FY08-09.

### **A Comparison of Resources by Type, FY07-08 and FY08-09**

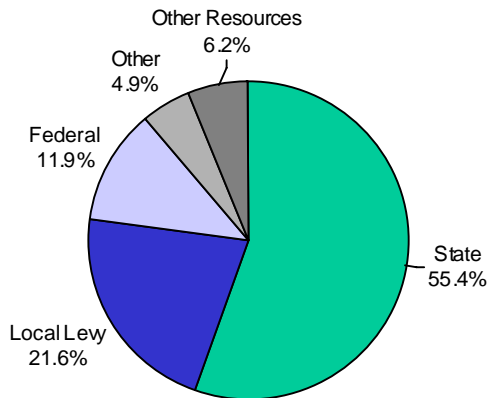
	<b>FY07-08</b>	<b>FY08-09</b>		
	<b>Adopted</b>	<b>Recommended</b>	<b>\$ Change</b>	<b>% Change</b>
State	290.5	308.1	17.6	6.1
Local Levy	115.4	120.3	4.9	4.2
Federal	62.1	65.9	3.8	6.2
Other	26.4	27.5	1.1	4.2
<b>Total Revenue</b>	<b>494.4</b>	<b>521.8</b>	<b>27.4</b>	<b>5.5</b>
Other Resources	24.6	34.4	9.8	40.0
<b>Total Resources</b>	<b>\$519.0M</b>	<b>\$556.2M</b>	<b>\$37.2M</b>	<b>7.2%</b>

Numbers may not add due to rounding

### Resource Changes by Grant and Non-Grant Funds

	FY07-08	FY08-09		
	Adopted	Recommended	\$ Change	% Change
Grant	90.9	102.3	11.4	12.6
Non-Grant	428.1	453.9	25.8	6.0
<b>Total</b>	<b>\$519.0M</b>	<b>\$556.2M</b>	<b>\$37.2M</b>	<b>7.2%</b>

### Resources by Type FY08-09



FY08-09 Resources by Type (in millions)	
State	308.1
Local Levy	120.3
Federal	65.9
Other	27.5
<b>Total Revenue</b>	<b>521.8</b>
Other Resources	34.4
<b>Total Resources</b>	<b>556.2</b>

**State Funding** provides the largest portion of District funds at \$308.1 million or 55.4% of total resources. This amount is broken down between state general purpose funding and state special purpose funding and equates to an increase of \$17.6 million over FY07-08.

State general purpose funding, also known as apportionment, accounts for 40.6% or \$226.0 million of total District funds. Apportionment is calculated using the number of students attending our schools multiplied by a legislative funding formula. For FY08-09, state general apportionment is expected to increase \$12.3 million or 5.8%. The increase in funds is driven by increases for staff medical benefits, pension contributions, classified staff ratios, a 4.4% cost of living increase, and the second year phase-in of all day kindergarten. The amount is reduced by an anticipated enrollment decline of 581 students between the adopted budget for FY07-08 and FY08-09.

State special purpose funds provide \$82.1 million or 14.8% of budgeted resources. These are state funds are designated for programs such as special education, transitional bilingual education, student transportation, learning assistance, student achievement, and education enhancements. Most of these revenues are given for a specific program and are not available for other purposes. State special purpose funds are up \$5.3 million or 6.8%, primarily due to increases of \$2.6 million for special education, \$0.9 million for learning assistance, \$0.5 million for student transportation, and \$0.8 million for transitional bilingual education due to reimbursement increases as well as an anticipated increase in bilingual students.

**Local Levy**, which provides \$120.3 million or 21.6% of budgeted resources, is the second largest funding source for Seattle Public Schools. These funds come from the local operating levy approved by Seattle voters to support general education programs and operations. The amount the District can collect from voters in levy elections is set by the legislature to a percentage of our state and federal revenue levy base. Operating levy revenue is anticipated to increase by \$4.9 million or 4.2% in FY08-09 due to growth in the levy base, calculated as a percentage of the state and local revenue.

**Federal Funds** provide \$65.9 million or 11.9% of Seattle Public School's resources. These monies fund programs such as Title I and Head Start. They also provide supplemental funding for special education programs and support free and reduced rate lunches in the food service program. These revenues may only be used for their specific program purpose. For FY08-09, Federal Funds are anticipated to increase by \$3.8M. Detail regarding federal funds is discussed later in this document under the grant section.

**Other Revenue** funding provides \$27.5 million or 4.9% of budgeted resources. Sources of this funding include investment earnings, food service fees, gifts and donations, fees for all day kindergarten and traffic education and the City Families and Education Levy. For FY08-09, other revenues are expected to increase by \$1.1 million.

**Other Resources** account for \$34.4 million or 6.2% of budgeted resources. This is an increase of \$9.8 million more than FY07-08 and includes the use of \$19.9 million of one-time funds.

In addition, this category includes FY07-08 school balances to be carried forward to FY08-09 and the use of reserves to support ongoing programs. It also includes transfers between funds such as Capital and Debt Service.

Significant changes to other resources include:

- Use of unreserved fund balance of \$12.6 million. This is an increase of \$6.8 million above the amount adopted in FY07-08.
- A \$3.3 million one-time use of I-728 grant carry forward from FY07-08 under spend.
- Planned use of the Designated Reserve for Academic Initiatives decreases \$900 thousand to a total of \$2.9 million for FY08-09.
- Usage of a \$1.1 million Designated Reserve generated by prior years Special Education Safety Net reimbursements.
- A \$1.4 million decrease in FY08-09 resources due to the FY07-08 exhaustion of funds from insurance demutualization proceeds previously used to fund employee medical retiree subsidy costs.
- Increase in the amount of funds transferred from the Capital Fund to the General Fund of \$1.0 million for additional software license expenses and capital eligible maintenance work.

## **Notable Changes to Grants for the FY08- 09 School Year**

The following section highlights the most significant changes in grant revenue between the FY07-08 Adopted Budget and the grant revenue projections for the FY08-09 school year. In addition to funding changes, it is important to note that grants have “strings”, attaching the resources to specific programs and services. As grants go away, services and programs are cut. As grants increase, only those programs and services that qualify for proper use of grant funds benefit from the increase.

Grants account for approximately 18% of total District resources. Grant revenue is spread across many of the various District funding sources; and as a result, this section repeats some of the above information.

Each year the District experiences changes in grant revenues from the prior year. Our Adopted Budget for FY07-08 contained a grant revenue projection of \$90.9 million. This included funding for over one hundred individual grant programs. For the FY08-09 school year we are projecting \$102.3 million in grant revenues, an increase of approximately \$11.4 million or 12.6%. This increase in projected grant revenue is partially comprised of \$2.5 million in expected new revenues from outside funding sources wishing to assist the district with funding of one-time costs for systemic improvements. It also reflects \$4.4 million in planned carry-forward of major grant prior year revenue. These carry-forward funds are identified to address needs closely aligned to the district’s strategic plan.

Frequently, actual grant awards for continuing grants are not finalized until after adoption of the District’s General Fund budget. This is also true for new grants as the District applies for and receives grants throughout the school year. Because the Board sets the maximum spending level prior to the beginning of the year, the District must establish a “grant reserve” to ensure it has the capacity to accept increases in grant revenues. For the 2008-2009 school year the District has established a “grant reserve” of \$15.5 million. As of the start of the year this reserve is not backed by revenue.

### **1. Major Grants With Projected Increases in Funding**

- We anticipate a \$91 thousand increase in funding under the state's I-728 Student Achievement Program. This amount is due to the initiative language that increases from \$450 per student FTE in FY07-08 to \$458.10 per student FTE for FY08-09, partially offset by enrollment decline. In addition to this funding change, the District is planning to carryover \$3.3 million in designated I-728 funds into FY08-09. Total budget for FY08-09 is \$22.9 million. These funds are used to reduce class size, provide extended-day and extended-year activities, and to provide professional development activities to certificated classroom teachers.
- All Day Kindergarten funding will increase by approximately \$2.2 million. Nine high-poverty schools will begin receiving All Day Kindergarten funding from the State in addition to the twelve schools that received All Day Kindergarten funding in 2007-08.
- We anticipate a 29% increase in funding under the State's Learning Assistance Program (LAP) from \$3.8 million to \$4.9 million. The increase results primarily from a change in the State's per pupil amount.

### **2. Major Grants With a Projected Decrease in Funding**

- We anticipate a decrease of 26% in Family Education Levy funding from \$1.6 million to 1.2 million for the Middle School Support Program.
- We anticipate a decrease of \$112 thousand in funding for the Carl Perkins Vocational & Technical Education Act grant.

### **3. Major Grants Not Continued as of Budget Recommendation**

The following grants are at the end of their funding cycle and will not be continued for the FY08-09 school year. If funding is received mid-year, programs may be reinstated after the budget is adopted.

- Promoting Academic Success. The District received \$800 thousand from this grant during the 2007-08 school year. The Legislature did not include funding for this program in 2008-09.
- Family Support Worker – Medicaid Administrative Match. Under this program the District received a total of \$300 thousand during the 2007-08 school year. This grant is scheduled to be discontinued in 2008-09.

### **4. Major New Grant**

The following is a new grant for 2008-09.

- Family & Education Levy \$1,179,470 – City of Seattle Levy funding for West Seattle, Sealth and Franklin High Schools.

## Expenditures

### A Comparison of 2007-08 and 2008-09 Expenditure Budgets

Dollars in Millions

District Major Activities	2007-2008 Adopted			2008-2009 Recommended			Change		
	Grant	Non-Grant	Total	Grant	Non-Grant	Total	Grant	Non-Grant	Total
Teaching	65.6	245.0	310.7	78.6	260.4	339.0	12.9	15.4	28.3
Teaching Support	23.5	44.8	68.3	21.6	49.8	71.5	-1.8	5.0	3.2
Principal's Office	0.9	28.1	29.0	1.2	29.9	31.1	0.2	1.8	2.0
Core Administration	0.2	15.3	15.5	0.3	15.0	15.3	0.1	-0.3	-0.2
Other Support	0.6	94.9	95.5	0.6	98.8	99.4	0.0	3.9	3.9
<b>Total</b>	<b>90.9</b>	<b>428.1</b>	<b>519.0</b>	<b>102.3</b>	<b>453.9</b>	<b>556.2</b>	<b>11.5</b>	<b>25.7</b>	<b>37.2</b>

Numbers may not add due to rounding

The FY08-09 General Fund budget is expected to increase by \$37.2 million over the adopted budget for the current year. Although resources have increased, related expenditures continue to increase at a faster pace, forcing the District to restructure current resources and cut, or eliminate, activities to fund cost increases in other areas.

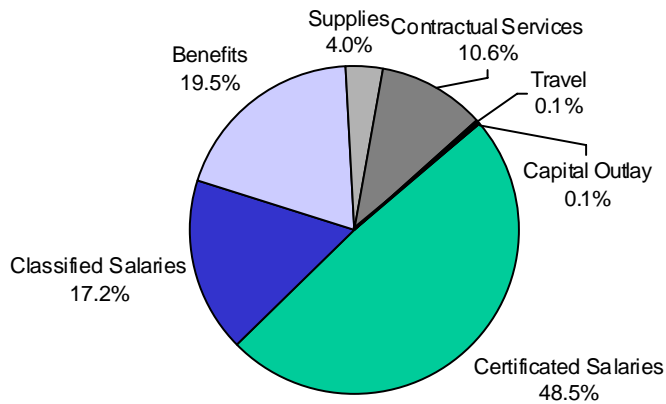
In non-grant expenditures, the majority of increases are driven by rising costs for salaries, employee benefits, and transition to the new Weighted Staffing Standard model (WSS) for school funding. Although many grants will experience the same cost increases as non-grant activities, the effects are different. Unless noted otherwise, cost increases related to grants do not usually result in more District-wide expenditures. A more likely situation is the grant will lose buying power and be required to reduce staffing or non-staff purchases.

#### Major cost drivers include:

- A 4.4% cost-of-living increase for school employees approved by the state legislature. *Cost increase \$13.1 million.*
- An increase in medical and pension costs approved by the state legislature. *Cost increase \$7.5 million.*
- A 2.8% contractual pay increase for certificated employees as provided in the District's negotiated agreement with the Seattle Education Association (SEA). *Cost increase \$4.2 million.*
- Other contractual increases including an increase in the ratio of bilingual aides to students, a reserve for other SEA contract costs and negotiated agreements with other unions. *Cost increase \$3.2 million.*
- Transition to the WSS funding model, including additional school based staff. *Cost increase \$7.9 million.*

A view of Seattle's budget by expenditure objects will help explain how small increases can have such large costs. Expenditure objects identify the type of items purchased or nature of the services obtained. These categories are determined by state accounting rules.

### Budget by Major Object



FY08-09 Budget by Object (in millions)	
Certificated Salaries	269.7
Classified Salaries	95.6
Benefits	108.3
Supplies	22.7
Contractual Services	58.9
Travel	0.5
Capital Outlay	0.5
<b>Total Budget</b>	<b>556.2</b>

By far the largest expenditure, or 85.2% of the total budget, is for employee salaries and benefits. Certificated Salaries is compensation for our largest employee grouping. These are employees with teaching certificates, such as principals, teachers, librarians, counselors, nurses and curriculum specialists. Substitutes and extra pay such as stipends, extra time, and Time and Responsibility Incentive (TRI) payments are also included in this category. Classified Salaries is compensation for employees such as supervisory, professional, technical, secretarial, clerical, custodial, maintenance, food workers and others who do not have teaching certificates. Employee Benefits are the costs for benefits such as FICA, retirement, unemployment, industrial, and medical benefit insurance.

Supplies and Instructional Resources comprise 4.0% of the budget. These expenditures are for instructional materials such as textbooks, library books, workbooks, computer software and other computer related materials used in instruction, kits and packets used in place of textbooks, and audio and videotapes. Office, custodial, maintenance, duplication, paper, supplies, and minor office equipment are included.

Contractual Services total 10.6%. This includes contracts for pupil transportation, utilities costs, and other payments for services rendered to the District.

Travel costs are .1% of the budget. These are expenditures for district related travel including contractual services in connection with transporting staff from place to place, lodging and meals, and mileage allowances for use of privately owned vehicles.

Capital Outlay at .1% of the budget is comprised of all expenditures for capitalized equipment and improvements to facilities and grounds, which are considered minor repairs by state accounting rules and are not eligible for inclusion in the Capital Fund. Other eligible expenses are the purchase of instructional equipment, computers, furniture, vehicles, lunchroom and kitchen equipment, and communications equipment.

## Staffing Changes

Staffing increases between the Adopted FY07-08 and Recommended FY08-09 General Fund Budget total 102.2 FTE. Of this increase, 19.9 FTE are related to grant activities while 82.3 FTE are attributable to non-grant funds.

### A Comparison of Staff, 2007-08 and 2008-09

	2007-2008 Adopted			2008-2009 Recommended			Change		
	Grant	Non-Grant	Total	Grant	Non-Grant	Total	Grant	Non-Grant	Total
Teaching	491.0	2,750.0	3,241.0	531.0	2,803.5	3,334.6	40.0	53.5	93.5
Teaching Support	251.4	524.2	775.6	235.7	554.0	789.7	-15.7	29.8	14.1
Principal's Office	15.4	333.6	349.0	11.1	334.3	345.4	-4.3	0.7	-3.6
Core Administration	2.0	125.1	127.1	1.9	122.8	124.7	-0.1	-2.2	-2.3
Other Support	0.0	599.6	599.6	0.0	600.1	600.1	0.0	0.5	0.5
<b>Total</b>	<b>759.8</b>	<b>4,332.5</b>	<b>5,092.3</b>	<b>779.7</b>	<b>4,414.8</b>	<b>5,194.5</b>	<b>19.9</b>	<b>82.3</b>	<b>102.2</b>

Numbers may not add due to rounding

1. Provisions in the new Weighted Staffing Standard (WSS), such as smaller Elementary class sizes and full funding of six periods in the high schools, led to an increase by 40.9 FTE .
2. Contractual requirements and increases in bilingual students so that one bilingual instructional assistant is provided for every 28 bilingual students results in an additional 25.7 Bilingual Assistants
3. Increases in Special Education students and additional school programs adds 23.9 FTE Special Education Assistants.
4. An increase in funding from I-728 adds 18.0 Teacher FTEs above WSS staffing standards to support the Southeast Initiative at Aki Kurose MS, Cleveland HS, and Rainier Beach HS.
5. WSS funding decisions results in an increase in Teaching Support. An additional 7.2 FTE Elementary Counselors are funded as well as 3.2 Career Center Specialists and an additional 3.4 nurses. In addition, several positions have moved between grant and non-grant funding.
6. Continued implementation of Full-Day Kindergarten funding by the State at high-poverty schools adds an additional 9.3 FTE Kindergarten teachers.
7. A technical budget adjustment for the Headstart grant staff was made. In 2007-08 staff were reported twice in the budget to accommodate two grant cycles in the year. This practice was eliminated in FY08-09 showing a decrease of 5.3 FTE under the Principal's Office and 48.1 FTE under Teaching. No actual staff was reduced due to this adjustment.

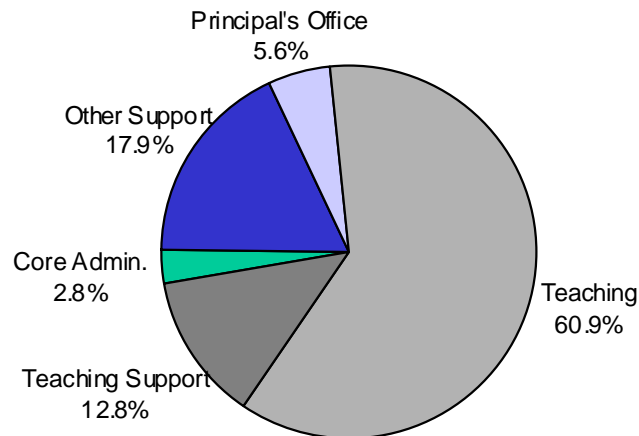
## **Expenditures by District Activity**

For budget planning purposes, Seattle School District divides its operating expenditures into five distinct categories: Teaching, Principal's Office, Teaching Support, Core Administration, and Other Support activities.

At a macro level, expenditure changes can be characterized as follows:

- Teaching increases by \$28.3 million.
- Principal's Office increases by \$2.0 million.
- Teaching Support increases by \$3.2 million.
- Core Administration decreases by \$0.2 million.
- Other Support activities increases by \$3.9 million.

## **Budget by SPS Activity Group**



Note: In addition to Teaching, and Principal's Office activities, the majority of Teaching Support staff and activities occur in school buildings.

## **Teaching and Principal's Office**

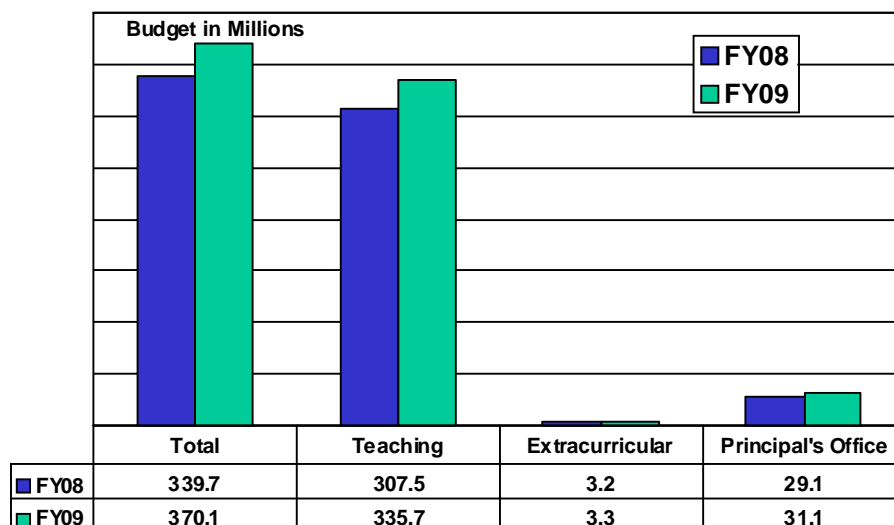
Teaching and Principal's Office expenditures include activities dealing directly with or aiding in the teaching of students or improving the quality of teaching, as well as the management and coordination of a school. Included are the costs of classroom teachers and aides, principals, secretarial and clerical staff at schools as well as supplies, teacher professional development, textbooks, and instructional materials.

The budget for Teaching and Principal's Office activities is recommended at \$370.1 million dollars, an increase from the previous year of \$30.4 million. Of the total budget for these activities, 22% is grant funded and 78% is funded with non-grant resources.

Key changes to the Teaching and Principal's Office activities include:

- Cost of living, medical and pension increases approved by the state legislature increase the cost of these activities by approximately \$14.5 million.
- A 2.8% contractual pay increase for certificated employees increase these costs by approximately \$3.5 million.
- Transition to the WSS funding model increases Teacher FTE at a cost of \$3.1 million. Increases in Special Ed Assistants add \$1.1 million.
- Contractual requirements and increases in bilingual students so that one bilingual instructional assistant is provided for every 28 bilingual students results in an additional \$751 thousand for Bilingual Assistants.
- Additional teachers for the Southeast Initiative add \$1.4 million above WSS.
- Continued implementation of Full-Day Kindergarten funding by the State at high-poverty schools add an additional \$711 thousand for Kindergarten teachers.
- Grant capacity is increased by \$2.5 million.

### **Teaching & Principal's Office**



Numbers may not add due to rounding

## **Teaching Support**

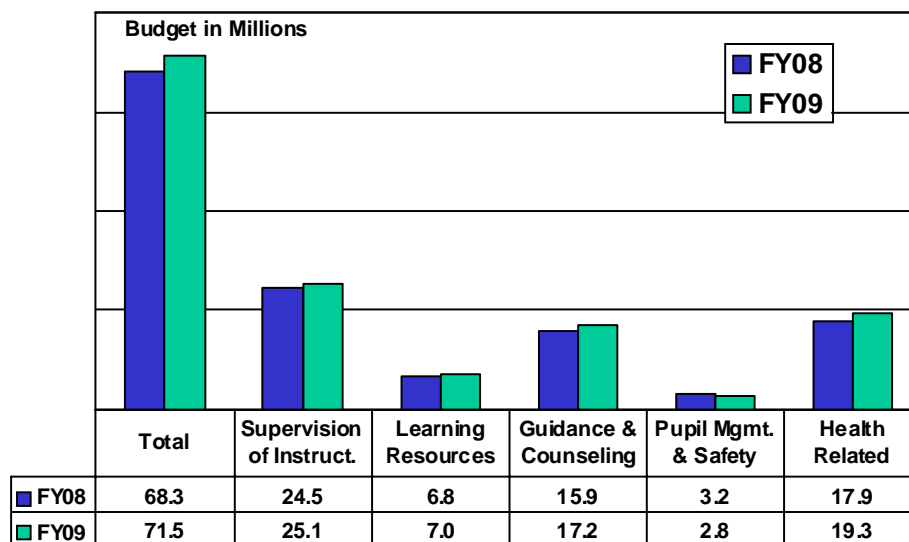
Teaching Support includes activities dealing directly with or aiding in the teaching of students or improving the quality of teaching. Costs of learning resource centers, teacher coaches, Star Mentors, student guidance, counseling, and health services are included here. Other activities include recording and maintaining student attendance records.

The budget for Teaching Support is recommended at \$71.5 million, an increase of \$3.2 million over the previous fiscal year. Of the total budget for this activity, 30% is grant funded and 70% is funded with non-grant resources.

Key changes to the Teaching Support activities include:

- Cost of living, medical and pension increases approved by the state legislature increase the cost of these activities by approximately \$3.1 million.
- Addition of Elementary Counselors, Career Center Specialists and Nurse positions to support the WSS school allocations increases costs by \$1.1 million.
- A 2.8% contractual pay increase for certificated employees increases these costs by approximately \$700 thousand.
- Resources for math textbook adoption are reduced by \$720 thousand.
- Existing, non-staff budget resources, in Learning & Teaching departments were realigned to address the academic priorities outlined in the strategic plan.

## **Teaching Support**



Numbers may not add due to rounding

## **Core Administration**

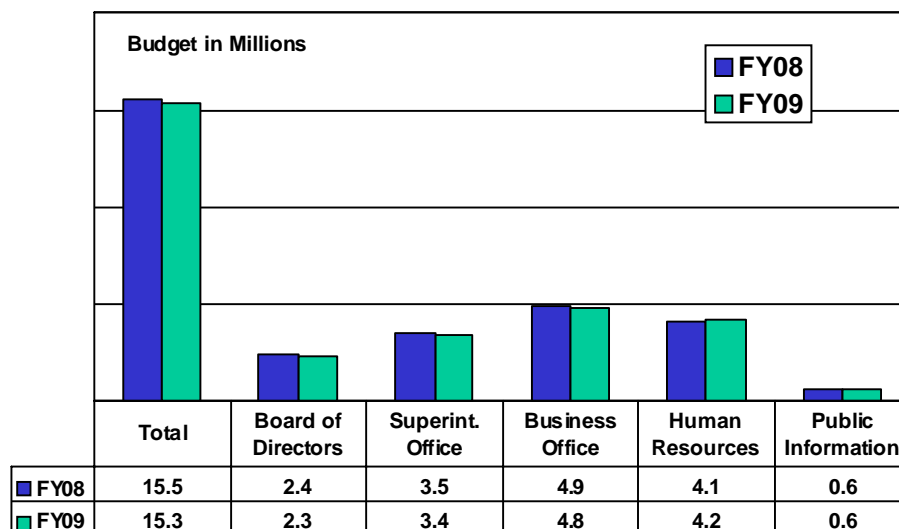
Core Administration consists of activities related to the district-wide administration and management of the District. Costs in this category include the Board of Directors, Superintendent, Financial and Accounting operations, Human Resources and Public Information.

The budget for Core Administration is recommended at \$15.3 million, a decrease of approximately \$200 thousand below the previous fiscal year. Of the total budget for this activity, 2% is grant funded and 98% is funded with non-grant resources.

Key changes to the Core Administration activities include:

- Cost of living, medical and pension increases approved by the state legislature increase the cost of these activities by approximately \$500 thousand.
- Elimination of school closure funding needs reduces costs by \$450 thousand.
- Consolidation of the Chief Financial Officer with the Chief Operations Officer and elimination of one Budget Analyst position for a savings of \$200 thousand.
- Election costs related to Capital Levy activities are transferred to the Capital Fund for \$100 thousand.

## **Core Administration**



Numbers may not add due to rounding

## **Other Support**

Other Support includes operating expenditures for food services, pupil transportation, the operation and maintenance of District facilities, building and student security, utilities, information services and warehouse functions.

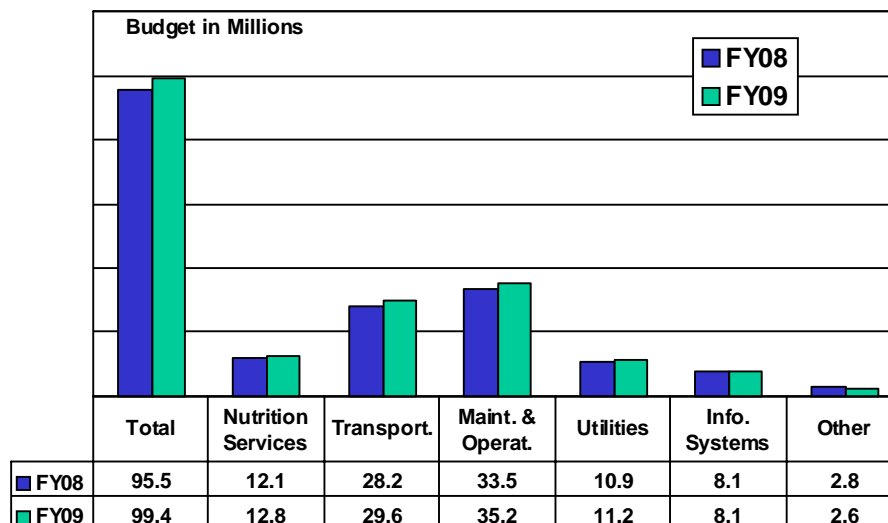
The budget for Other Support is recommended at \$99.4 million, an increase of \$3.9 million over the previous fiscal year. Of the total budget for this activity, less than 1% is grant funded and 99% is funded with non-grant resources.

Key changes to the Other Support activities include:

### **Other Support**

- Cost of living, medical and pension increases approved by the state legislature increase the cost of these activities by approximately \$2.4 million.
- Transportation costs, including fuel, metro student passes and route changes, increase costs by \$1.0 million.
- Food and hourly cost increases for nutrition services are increasing by approximately \$600 thousand.
- Implementation of the compensation review for technology staff increase these costs by approximately \$400 thousand.
- Utility costs are estimated to increase by approximately \$400 thousand.
- Elimination of Central Office staff positions including: Library Manager, Traffic Education Manager, Assistant Transportation Manager, Security Analyst and Technology Services Supervisor for a combined savings of \$500 thousand.
- Reduction in software license costs due to restructuring of fees results in a savings of \$400 thousand.

## **Other Support**



Numbers may not add due to rounding

## 2008-09 Recommended Budget Debt Service Fund

The Debt Service Fund has been established to account for the payment of principal, interest and other expenditures related to the redemption of outstanding bonds.

The Recommended Budget for the Debt Service Fund is as follows:

Dollars in Millions

	FY07-08 Adopted	FY08-09 Recommended	\$ Change
<b>Beginning Fund Balance</b>	<b>19.0</b>	<b>12.1</b>	<b>-6.9</b>
<b>Total Revenues</b>	<b>44.5</b>	<b>81.9</b>	<b>37.4</b>
<b>Total Expenditure</b>	<b>51.1</b>	<b>82.6</b>	<b>31.4</b>
<b>Other Financing</b>	<b>1.9</b>	<b>1.6</b>	<b>-0.3</b>
<b>Ending Fund Balance</b>	<b>14.3</b>	<b>13.1</b>	<b>-1.2</b>

Numbers may not add due to rounding

### **HIGHLIGHTS OF CHANGES**

In February 2007, Seattle voters approved a six-year \$490.0 million BEX III capital bond levy to provide for renovation and additions to schools and athletic fields and to fund new technology systems. In June 2007, the District issued \$412.4 million of bonds and began the work on these projects. The principal and interest payments for the bonds will be made with the voter-approved tax levies and are reflected in the table above.

Revenues total \$82.0 million, increasing \$37.4 million for FY08-09. This increase is almost entirely due to levy collections wherein the District collected only half a year's worth of tax levies for 2007-08 since the tax levies began on January 2008.

Expenditures are budgeted at \$82.6 million, an increase of \$31.4 million. The increase is primarily due to the debt service of the BEX III bonds wherein two installments will be paid in FY08-09 versus one installment was paid in the prior year. This increase is partially offset with the retirement of the Energy Retro Fit loan with an \$8 million balloon payment in FY07-08.

Other Financing represent the transfer from Capital Project Fund continues in FY08-09 to fund the \$1.9 million debt service for the 2001 Series A bonds. The Qualified Zone Academy Bonds are fully funded in the Debt Service Fund. Partially offsetting this transfer is an estimate of \$340 thousand, which represents the Debt Service Fund's allocated share of the potential King County impairment.

The Debt Service revenue and expenditure budget includes \$500 thousand in capacity to avoid requiring a budget extension if additional expenditures are identified after the budget is adopted.

## 2008-09 Recommended Budget Transportation Vehicle Fund

The Transportation Vehicle Fund is used for the purchase of approved student transportation equipment and major repairs on student transportation vehicles.

The Recommended Budget for the Transportation Vehicle Funds is as follows:

	FY07-08	FY08-09	
	Adopted	Recommended	\$ Change
Beginning Fund Balance	14,400	15,085	685
Total Revenues	720	500	-220
Total Expenditure	15,120	15,585	465
Ending Fund Balance	0	0	0

### **HIGHLIGHTS OF CHANGES**

The Transportation Vehicle Fund budget does not change significantly from last year. Because the District out-sources it's transportation services, the cost of student transportation is reflected in the General Fund. The only funds accounted for here is a residual balance that generates a small amount of investment earnings. The \$15,585 budget will be used to address any major repairs of older District owned school buses needed in 2008-09.

## 2008-09 Recommended Budget Associated Student Body

The Associated Student Body (ASB) Fund accounts for funds raised by students to support extra-curricular activities. Each school student body organization prepares and submits, for School Board approval, a budget for the school year.

The recommended budget capacity for the Associated Student Body Fund is as follows:

Dollars in Millions

	FY07-08 Adopted	FY08-09 Recommended	\$ Change
<b>Beginning Fund Balance</b>	<b>2.9</b>	<b>2.8</b>	<b>-0.1</b>
<b>Total Revenues</b>	<b>5.2</b>	<b>4.3</b>	<b>-0.9</b>
<b>Total Expenditure</b>	<b>5.4</b>	<b>4.6</b>	<b>-0.8</b>
<b>Other Financing Uses</b>	<b>0.0</b>	<b>-0.1</b>	<b>-0.1</b>
<b>Ending Fund Balance</b>	<b>2.6</b>	<b>2.3</b>	<b>-0.3</b>

Numbers may not add due to rounding

### **HIGHLIGHTS OF CHANGES**

The ASB Fund budget is established at \$4,611,231 for 2008-09. This amount is based on the fund raising estimates provided by individual schools of \$4.3 million and anticipated use of \$355 thousand in the schools' ASB fund balance. The decrease in expenditures is primarily due to a decrease in out of state and country travel and a decrease in the budget capacity to \$500 thousand. The budget capacity is included in the budget to allow schools to collect and spend funds in excess of their projections without causing the District to file for a budget extension.

Other financing uses represent the ASB portion of the potential impairment of certain assets within the King County Investment Pool in which the District is a participating member.