

School Board Action Report

“Every student achieving, everyone accountable”



DATE: June 17, 2009
FROM: Dr. Maria L. Goodloe-Johnson, Ph.D., Superintendent
LEAD STAFF: Don Kennedy, 252-0086, drkennedy@seattleschools.org

**STRATEGIC THEME/
FOCUS AREA:** Business and Operational Effectiveness

TITLE AND BRIEF DESCRIPTION

FY 2010 Operating Budget

For Introduction: June 17, 2009
For Action: July 1, 2009

TIMELINE FOR IMPLEMENTATION/EVALUATION

Each year the District adopts operating budgets covering expenditures during the next fiscal year for general educational programs and operations. The Finance Committee has reviewed many aspects of the central operating budgets, including looking for operational efficiencies. The review included aligning academic priorities within expenditures and evaluating operation functions as they support academic needs. This resolution covers expenditures during FY 2009-10 for the General Fund, Debt Service Fund, Transportation Vehicle Fund, and Associated Student Body Fund.

RECOMMENDED MOTION

I recommend approval of the following motion:

I move the adoption of Resolution 2008/09-09, adopting the 2009-10 General Fund, Debt Service Fund, Transportation Vehicle Fund, and Associated Student Body Fund appropriations.

ISSUE

General Fund

The 2009-10 General Fund Budget is recommended at \$556,667,034.

General Fund revenue is comprised of \$453.4 million in non-grant funds, \$90.6 million in grant funds, and \$12.7 million in grant capacity. The \$12.7 million capacity for grants is a placeholder for potential spending in the event that new grants are received. Expenditures will not be made against grant capacity unless actual revenue is received.

Transportation Vehicle Fund

The Transportation Vehicle Fund Budget is recommended at \$15,301. The budget is used for major repair to district owned buses.

Associated Student Body Fund

The Associated Student Body Fund Budget is recommended at \$4,812,205. The budget is used to support varied Associated Student Body activities.

Debt Service Fund

The Debt Service Fund Budget is recommended at \$86,521,224. This fund will be used to pay the John Stanford Center for Educational Excellence Series A Bonds, Qualified Zone Academy Bonds and Capital Fund Series A and B BEX III Bonds.

POLICY IMPLICATION

Policy G01.00 requires the Superintendent to present an annual budget to the school Board by the second meeting in June and states that the Board will adopt the budget as soon as it is practical.

RCW 28A.505.120 requires school districts to adopt a balanced budget.

RCW 28A.505.040 requires school districts to submit an approved budget to the local Educational Service District no later than August 31.

CONCLUSION/RECOMMENDATION

Approval of the operating budgets is necessary in order to allow schools, educational support programs and administrative functions to continue operating. This resolution approves the recommended operating budgets, as introduced to the Board on June 17, 2009.

ATTACHMENTS

Board Policy: General Fund Reserves G06.00

SEATTLE SCHOOL DISTRICT NO. 1
RESOLUTION 2008/09-9

RESOLUTION 2008/09-9

WHEREAS, the Board of Directors of Seattle School District No. 1, in compliance with RCW 29A.505.050 and 28A.505.060, has held a hearing on the budget for September 1, 2009 to August 31, 2010;

WHEREAS, the Board of Directors has given due consideration and has fixed and determined the General Fund appropriation to be \$556,667,034;

WHEREAS, the Board of Directors has given due consideration and has fixed and determined the Transportation Vehicle Fund appropriation to be \$15,301;

WHEREAS, the Board of Directors has given due consideration and has fixed and determined the Associated Student Body Fund appropriation to be \$4,812,205;

WHEREAS, the Board of Directors has given due consideration and has fixed and determined the Debt Service Fund appropriation to be \$86,521,224;

NOW, THEREFORE BE IT RESOLVED that the above-referenced operating budgets for 2009-10 be adopted.

BE IT FURTHER RESOLVED that the secretary file copies of the adopted budget with the Puget Sound Service District No. 121 in accordance with RCW 28A.505.060.

Adopted this ____ day of _____, 2009.

Michael DeBell, President

Steve Sundquist, Vice President

Mary Bass, Member

Sherry Carr, Member

Cheryl Chow, Member

Peter Maier, Member

Harium Martin-Morris, Member

ATTEST:

Dr. Maria L. Goodloe-Johnson
Secretary, Board of Directors
Seattle School District No. 1
King County, WA

Seattle Public Schools

**The Superintendent's
Recommended Operating
Budgets for Fiscal Year
2009-2010**



Presented to the
Seattle School District
Board of Directors
June 17, 2009



A Message From Superintendent Dr. Maria L. Goodloe-Johnson, Ph.D.

I am pleased to introduce this recommended budget for 2009-2010.

At Seattle Public Schools, we are committed to providing an excellent education for every student.

While we have serious work to do to achieve this goal, we have many strengths.

- We have high expectations for all our students, and our teachers are dedicated to seeing each one graduate from high school prepared for college, careers, and life.
- We are guided by a five-year strategic plan, *Excellence for All*, adopted in June 2008. The plan clearly outlines goals for improving academic excellence and highlights the strategies needed to get us there.
- Peer reviews and ratings by outside experts continue to praise the District for our financial reserves policy and our attention to financial management.

We are also accelerating the process begun in recent years to ensure that our resources are spent on the District's top priorities: advancing student achievement, improving our internal processes and decision making, and increasing transparency with respect to how we allocate resources to assure the public that we are spending money where it will do the greatest good.

We also realize there are many steps we must take to achieve our vision:

- We must continue to devote our attention to supporting strengthening classroom instruction and retaining and attracting great teachers, and providing support for schools across the District.
- We must improve our infrastructure to support schools in terms of facilities and technology.
- We must strengthen our central office systems so we can better support our principals, teachers, and students.

I am confident this recommended budget will allow us to make progress in these areas and our strategic plan overall.

Each year, we strive to create sustainable budgets in the face of rising costs and insufficient state funding. We face particularly tough challenges this year due to dramatic reductions in state funding for K-12 education at a time when salary and benefit pressures are mounting. This recommended 2009-2010 budget accommodates these considerations through measures that include reducing operating costs and eliminating a number of positions.

We are committed to meeting inflationary demands while maintaining support for academics. We will continue to seek efficiencies in our system and increase 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 ensure adequate funding for public schools.

Thank you for your consideration of this FY2009-2010 budget. I look forward to working in partnership with the School Board, the district staff, and the community to ensure excellence for every student in Seattle Public Schools.

Sincerely,

A handwritten signature in black ink, reading "Maria L. Goodloe-Johnson". The signature is written in a cursive style with a large initial "M" and a decorative flourish at the end.

Dr. Maria L. Goodloe-Johnson, Ph.D.
Superintendent

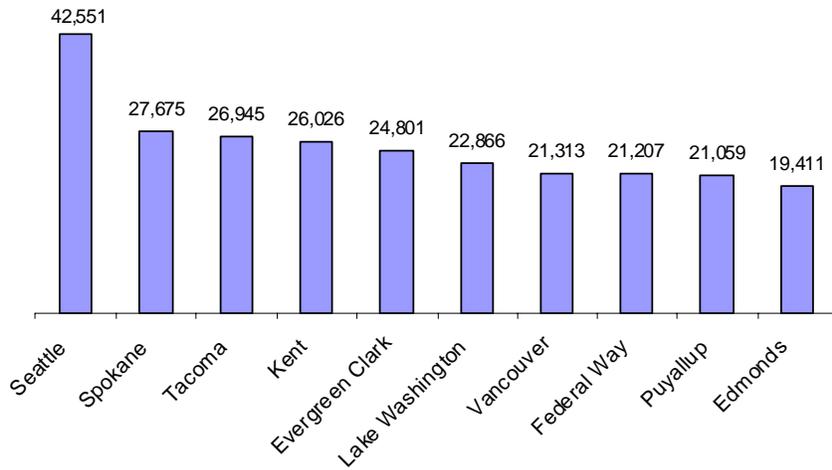
Who We Are

Our Students

Seattle Public Schools is the largest public school district in Washington State. Our student headcount, expected to total approximately 45,000 in the 2009-10 school year, comprises about 4% of the K-12 public school enrollment in the state. We serve approximately 75% of the K-12 students attending school in Seattle. Overall enrollment is increasing slightly, with trends for 2009-10 indicating a slight enrollment increase. We serve a diverse student population, with many of our students eligible for and receiving specialized services.

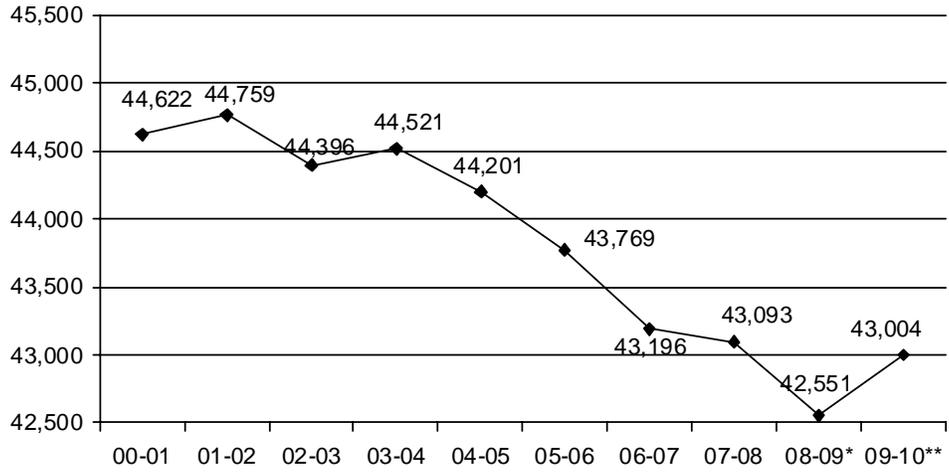
Approximately 13% of our students, representing many different languages, receive transitional bilingual services. About 13% of our students receive special education services, and nearly 40% of our students qualify for free and reduced rate lunches. This forms the basis for other supplemental, specialized educational services.

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



Source: OSPI Report FY 08-09 F-195

Seattle Public Schools Average Annual K-12 FTE Enrollment



*08-09 Adopted Budget

**09-10 Recommended Budget

Source: OSPI Report 1251

The Recommended General Fund Budget for FY09-10

This document details major changes to the FY09-10 General Fund Budget compared to the current year adopted budget. This first section identifies major revenue changes and the second section discusses expenditure changes.

Included in the \$556.7 million budget recommendation is \$28.0 million of budget capacity: reserves not backed by firm revenue at this time. Since adoption of a recommended budget limits the total spending of the District to a set amount, (in this case \$556.7 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 are 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 estimates.

The \$28.0 million of current budget capacity includes the following: \$12.7 million of capacity for new grants or grant funding increases received after the budget is adopted, \$2.0 million to allow schools to carry into FY09-10 potential non-staff under spend from FY09, \$8.0 million of capacity for self-help funds to allow schools and central departments to receive and expend funds collected in FY09-10, and \$5.3 million to allow schools and departments to carry into FY09-10 any unspent self-help from FY08-09. 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 the next page, is a detailed explanation of each type of funding and major changes anticipated between FY08-09 and FY09-10.

A Comparison of Resources by Type, FY08-09 and FY09-10

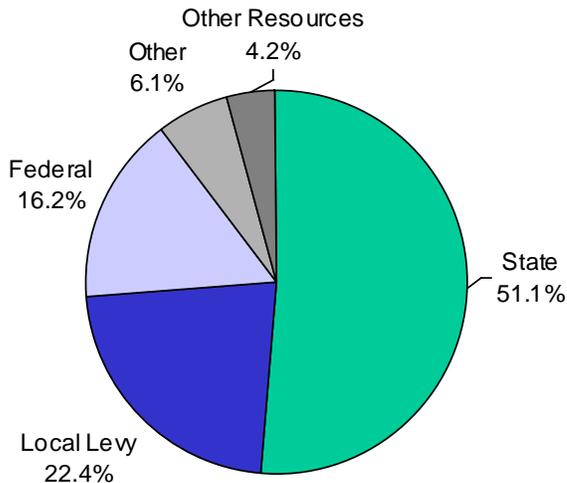
	FY08-09	FY09-10	\$ Change	% Change
	Adopted	Recommended		
State	308.1	284.2	-23.9	-7.8
Local Levy	120.3	124.8	4.5	3.8
Federal	65.9	90.4	24.5	37.1
Other	27.5	33.9	6.4	23.3
Total Revenue	521.8	533.3	11.5	2.2
Other Resources	34.4	23.4	-11.0	-32.0
Total Resources	\$556.2M	\$556.7M	\$0.5M	0.1%

Numbers may not add due to rounding

Resource Changes by Grant and Non-Grant Funds

	FY08-09	FY09-10		
	Adopted	Recommended	\$ Change	% Change
Grant	102.3	103.3	1.0	1.0
Non-Grant	453.9	453.4	-0.5	-0.1
Total	\$556.2M	\$556.7M	\$0.5M	0.1%

Resources by Type FY09-10



FY09-10 Resources by Type (in millions)	
State	284.2
Local Levy	124.8
Federal	90.4
Other	33.9
Total Revenue	533.3
Other Resources	23.4
Total Resources	556.7

State Funding provides the largest portion of District funds at \$284.2 million or 51.1% of total resources. This amount is broken down between state general purpose funding and state special purpose funding and equates to a decrease of \$23.9 million over FY08-09.

State general purpose funding, also known as apportionment, accounts for 40.4% or \$225.0 million of total District funds. Apportionment is calculated using the number of students attending our schools multiplied by a legislative funding formula. For FY09-10, state general apportionment is expected to decrease \$0.9 million or 0.4%. The decrease in revenue is driven by decreased pension contribution rates and a one day reduction of Learning Improvement Days, partially offset by a medical benefit rate increase and increased projected enrollment of 453 students for FY09-10.

State special purpose funds provide \$59.2 million or 10.6% of budgeted resources. These are state funds designated for programs such as special education, transitional bilingual education, student transportation, learning assistance, and education enhancements. Most of these revenues are given for a specific program and are not available for other purposes. State special purpose funds decrease \$23.0 million or 28.0%, primarily due to decreases of \$19.6 million for student achievement (I-728), \$0.7 million for math and science teacher professional development, \$0.5 million for student transportation, and \$2.1 million for the Academic Flight program. Federal American Recovery and Reinvestment Act (ARRA) funds restore \$5.6 million of the student achievement decrease. This additional revenue is recorded under the Federal category.

Local Levy, which provides \$124.8 million or 22.4% 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.

Voter approved collection of Local Levy amounts do not change after they are approved; however, the dollar rate of collection is adjusted as property values change. If property values increase the dollar rate per thousand goes down, if property values decrease, the dollar rate per thousand increases. For calendar year 2009, Seattle had the 2nd lowest tax rate among King County school districts.

The maximum 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 \$4.5 million or 3.8% in FY09-10 due to growth in the levy base, calculated as a percentage of prior year state and local revenue.

Federal Funds provide \$90.4 million or 16.2% 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.

Additional funding for FY09-10 is provided from ARRA allocations. For FY09-10, Federal Funds are anticipated to increase by \$24.5M. Detail regarding federal funds is discussed later in this document under the grant section.

Other Revenue funding provides \$33.9 million or 6.1% of budgeted resources. Sources of this funding include rental and lease income from district properties, investment earnings, food service fees, gifts and donations, fees for all day kindergarten and traffic education and the City Families and Education Levy. For FY09-10, other revenues are expected to increase by \$6.4 million primarily due to a \$3.3 million increase in gifts and donations, and a \$2.6 million accounting reclassification of Capital Fund transfers from Other Resources to Other Revenue.

Other Resources account for \$23.4 million or 4.2% of budgeted resources. This is a decrease of \$11.0 million less than FY08-09 and includes the use of \$11.7 million of one-time funds.

In addition, this category includes FY08-09 school balances to be carried forward to FY09-10 and the use of reserves to support ongoing programs. It also includes transfers between funds such as Capital and Debt Service.

Significant changes to undesignated reserves include:

- Use of unreserved fund balance of \$10.2 million to balance the FY09-10 budget. This is a decrease of \$2.4 million below the amount adopted in FY08-09.
- A \$1.2 million usage of reserves to fund school closure activities.

Significant changes to designated reserves include:

- A \$3.3 million decrease due to the one-time use in FY08-09 of I-728 grant carry forward.
- A \$2.9 million decrease due to the one-time use in FY08-09 of reserves designated for Academic Initiatives.
- A \$1.1 million decrease due to the one-time use in FY08-09 of prior year's Special Education Safety Net reimbursements.
- A \$2.1 million decrease in anticipated under spend of FY08-09 gifts, donations, and schools non-staff under spend.
- A \$400 thousand decrease in the amount of funds transferred from the Capital Fund to the General Fund due to an accounting reclassification of transfers from the Capital Fund from Other Resources to Other Revenue of \$2.6 million, partially offset by additional eligible transfers of software license expenses and capital eligible maintenance work totaling \$2.2 million.

Notable Grant Changes for the FY09-10 School Year

The following section highlights significant changes in grant revenue between the FY08-09 Adopted Budget and the projected revenue for the FY09-10 budget. In addition to funding changes, it is important to note that most grants have specific requirements attaching the resources to specific programs and services. As grants expire, services and programs are reduced or ended. As grants increase, only allowable programs and services benefit from the increase.

Each year the District experiences changes in grant revenues from the prior year. Our Adopted Budget for FY08-09 contained a grant revenue projection of \$102.3 million. This included funding for over one hundred individual grant programs. For FY09-10 we are projecting \$103.3 million in grant revenues, an increase of approximately \$1.0 million. This net increase in projected revenue includes losses in some State programs as well as increased revenues from the Federal stimulus funding.

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 FY09-10, the District has established a grant reserve of \$12.7 million. Because this is to cover future awards, this reserve is not currently backed by revenue.

American Recovery and Reinvestment Act

On February 17, 2009, the American Recovery and Reinvestment Act (ARRA) was signed into law. The ARRA funds a variety of education programs including Special Education, Title I, Title II-D and the State Fiscal Stabilization Fund (SFSF). The Recovery Act divides funding into three components: (1) basic stabilization funds; (2) state incentive grants; and (3) local education agency innovation grants. As a result of the ARRA the Seattle School District is anticipating the following new fund sources for the FY09-10 school year:

- **Title I ARRA** - Funds must be used for allowable Title I purposes such as reading, math and school readiness. Projected revenue: \$5.5 million.
- **Title II Part D ARRA** - For enhancing education through technology. Projected revenue: \$145 thousand.
- **Special Education ARRA** - Funds are part of the Individual with Disabilities Act (IDEA) and allowable expenditures mirror regular IDEA for half of the total \$12.4 million allocated, or \$6.2 million. The other half of these funds are not limited to special education and may be used for any District purpose.

This particular allocation is unique among the ARRA funds in that the state has allocated all of the two year federal funds to school districts in the first year of the grant. If all of the funds are not expended in FY09-10 they can be carried forward into FY10-11.

- **State Fiscal Stabilization** - Funds have been allocated to the district to help mitigate the loss of the Student Achievement (I-728) allocation. Total projected revenue: \$5.6 million.
- **Special Ed IDEA 619 ARRA** - Funding provides additional resources for preschool special education students. Projected revenue: \$475 thousand.

Major Grants with Projected Funding Increases

Revenue for the following continuing grants is projected to increase for FY09-10.

- The Families and Education Levy grants are being renewed with a 1.5% cost of living increase. Programs include: Middle School Support - \$1.3 million, Family Support Worker - \$2.4 million, Family Community Partnership - \$524 thousand, and the High School Academic Achievement Program – 1.2 million.
- Title I (non-ARRA) will also see a significant increase, almost 8%, over the projected FY08-09 allocation of \$14.1 million.

Other Major Grants Changes

The following grants are not new to the District but will have significant activity in the FY09-10 and FY10-11 school years.

- The Gates II grant for college readiness and support is administered through the Alliance for Education and is scheduled to cover budget periods from 11/1/2008 to 8/31/2011 for a total of \$5.7 million.
- The Broad Foundation grant for performance management also has the Alliance for Education as its fiscal agent and is designed to increase the performance of low ranking students and schools. Total projected revenue: \$1.2 million.

Major Grants Not Continuing as of Budget Recommendation

The following grants are at the end of their funding cycle or are not being renewed for the FY09-10 school year.

- The Closing the Achievement Gap grant was a two year grant that has not been extended by the Community Trade and Economic Development Council. Revenue reduction: \$2.1 million.
- The United Way portion of the Family Support Worker program is being discontinued. Revenue reduction: \$189 thousand.
- The 21st Century Learning Center (District Level) grant will not be renewed, for a revenue reduction of \$600 thousand.

Major Grants with Projected Revenue Decreases

The following grants are being reduced or eliminated due to a variety of reasons which include a reduction of participants or a change in policy.

- The State's I-728 Student Achievement Program will be reduced for FY09-10 by \$19.6 million.
Note: This revenue will be partially funded as part of the State Fiscal Stabilization Fund portion of the ARRA, restoring \$5.6 million of this program.
- The Reading First program is being reduced as the first cohort of buildings are removed from the grant. Reduction: \$754 thousand.
- The MESA program grants are being revised and will no longer be funded through Seattle Public Schools. Reductions: Seattle MESA @ UW \$76 thousand, Seattle MESA Elem Curriculum \$106 thousand.

Expenditures

A Comparison of 2008-09 and 2009-10 Expenditure Budgets

Dollars in Millions

District Major Activities	2008-2009 Adopted			2009-2010 Recommended			Dollar Change		
	Grant	Non- Grant	Total	Grant	Non- Grant	Total	Grant	Non- Grant	Total
Teaching	78.6	260.4	339.0	75.4	262.7	338.2	-3.1	2.3	-0.8
Teaching Support	21.6	49.8	71.4	26.1	50.6	76.8	4.5	0.8	5.4
Principal's Office	1.2	29.9	31.1	1.0	28.8	29.8	-0.1	-1.1	-1.3
Core Administration	0.3	15.0	15.3	0.0	15.0	15.0	-0.3	0.0	-0.3
Other Support	0.6	98.8	99.4	0.6	96.2	96.9	0.0	-2.5	-2.5
Total	102.3	453.9	556.2	103.1	453.3	556.7	1.0	-0.5	0.5

Numbers may not add due to rounding

The FY09-10 General Fund budget is expected to increase by \$472 thousand over the adopted budget for the current year. Although the budget has a similar level of resources, expenditure increases have resulted in the need to restructure and cut or eliminate activities and staff to fund cost increases in other areas.

In grant expenditures, the majority of resource increases are driven by federal ARRA funds, many of which have restricted purposes, which have not been budgeted at the time of the budget introduction. As a result, these resources have been coded to reserve accounts in the Teaching and Teaching Support activities since it is anticipated that is where the majority of expenditures will occur. Once decisions are made regarding the final use of the ARRA funds, expenses may vary from what has been budgeted.

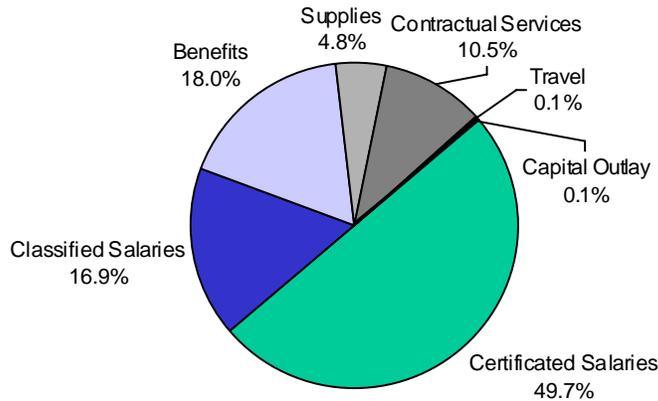
Major cost and savings drivers include:

- Allocation of Federal ARRA funds into various reserves. The majority of these funds have not yet been designated for specific expenditures. Once designated, actual expenditures may vary from the activities shown in the table above. *Cost increase of \$17.3 million.*
- Funding of the District's academic strategic initiatives, many of which are focused in the Teaching Support activity. *Cost increase of \$3.7 million*
- The under budgeted portion of the FY09 contractual pay increase for Certificated Instructional Staff of 3.18% for a total increase in FY09 of 5.975% of which only 2.8% was budgeted in FY09. Challenges to budgeting this correctly were due to the negotiated agreement basing the final payment amount on other surrounding districts compensation packages. The final amount was not known until September 2009. *Cost increase of \$2.8 million.*

Expenditures continued

- Decrease in pension contribution rates offset by a slight increase in medical costs, set by the state legislature, results in a reduction of district-wide expenses. *Cost reduction of \$5.4 million.*
- Reduction in school based, Weighted Staffing Standard (WSS) resources. Includes a redirection in Title 1 of \$922 thousand and a redirection of Free and Reduced lunch to a central reserve for school intervention of \$1.2 million. *Cost reduction of \$5.1 million.*
- Closure of four schools and shifting of other programs within the district resulted in a reduction to principal's office and school support staff including: custodians, food service workers, principals, secretaries and librarians. In addition, transportation and utility costs were reduced. Cost reduction of \$3.6 million of costs.
- Reduction of central office costs, including staff and non-staff expenditures *Cost reduction of \$ 3.1 million.*
- Grant losses in I-728 result in the reduction of thirty-four Instructional and School Based Coach positions in Teaching Support. Through other fund sources, six positions were restored in Teaching. District-wide twenty-six School Based Coaches and two Instructional Coach positions were eliminated. *Cost reduction of \$2.4 million*
- Change in school start times to align busing routes and reduce trips. *Cost reduction of \$2.2 million.*
- A shift from operating production kitchens, where school breakfast and lunches are made at individual secondary school sites, to utilizing the central kitchen for the majority of meal preparation. *Cost reduction of approximately \$600 thousand.*

Budget by Major Object



FY09-10 Budget by Object (in millions)	
Certificated Salaries	276.6
Classified Salaries	93.8
Benefits	100.0
Supplies	26.8
Contractual Services	58.6
Travel	0.5
Capital Outlay	0.3
Total Budget	556.7

By far the largest expenditure, or 84.5% 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 4.8% 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 10.5%. 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 decreases between the Adopted FY08-09 and Recommended FY09-10 General Fund Budget total 177.3 FTE. Of this decrease, 143.6 FTE are related to grant activities while 33.7 FTE are attributable to non-grant funds.

A Comparison of Staff, 2008-09 and 2009-10

	2008-2009 Adopted			2009-2010 Recommended			FTE Change		
	Grant	Non-Grant	Total	Grant	Non-Grant	Total	Grant	Non-Grant	Total
Teaching	531.0	2,803.5	3,334.6	434.0	2,826.9	3,260.9	-97.0	23.3	-73.7
Teaching Support	235.7	554.0	789.7	190.6	543.2	733.8	-45.0	-10.8	-55.8
Principal's Office	11.1	334.3	345.4	10.4	322.6	333.0	-0.7	-11.6	-12.3
Core Administration	1.9	122.8	124.7	1.0	111.9	112.9	-0.9	-11.0	-11.9
Other Support	0.0	600.1	600.1	0.0	576.6	576.6	0.0	-23.6	-23.6
Total	779.7	4,414.7	5,194.5	636.0	4,381.2	5,017.2	-143.6	-33.7	-177.3

Numbers may not add due to rounding

1. Additions to administrative and support staff of 9.0 FTE include: a 1.0 Broad Resident, a Senior Administrative Assistant to the Superintendent's Office, 4.0 coaches to Research and Evaluation services, 2.0 Special Education Supervisors and a 1.0 Custodial Engineer.
2. Changes in the Weighted Staffing Standards contributed to a total of 63.2 FTE reductions, including: 39.7 Teachers, 9.0 Library Assistants, 13.0 Clerical, 1.0 Assistant Principal, and 0.5 Librarian.
3. School closures reduced staff by 30.1 fte including: 4.0 Principals, 3.0 Librarians, 5.5 Counselors, 2.0 Secretaries, 4.1 other school office staff, 10.5 Custodial positions and 1.0 Security position.
4. District-wide Instructional and School-Based Coaches are down 28 positions due to the reduction of I-728 funding.
5. Reductions of District level administrative and support staff of 25.3 positions including: 4.6 staff in the Business Office, 5.0 Human Resource staff, 3.3 Learning and Teaching, 1.0 Transportation Office Staff, 0.8 Senior Facilities Manager, 1.0 Customer Services staff, 3.0 Office Machine Repair staff, 1.0 Sports Complex FTE, 1.0 Curtain/Shade Repair Staff, 2.6 Custodial positions, and 2.0 FTE Mailroom Services.

Staffing Changes continued

6. Due to various grant reductions, 22.4 positions, related to the Pathways program, have been eliminated. This central program supported high school students having difficulty passing the Washington Assessment of Student Learning (WASL). WASL support efforts will continue in the high schools at a reduced level.
7. The end of the Closing the Achievement Gap grant (Funding for the Flight Program) results in the reduction of 7.5 positions including: 2 School Coaches, 1 Assistant Principal, 2 Social Workers, 1 Pacific Islander Services Coordinator and a .5 Middle School Teacher.

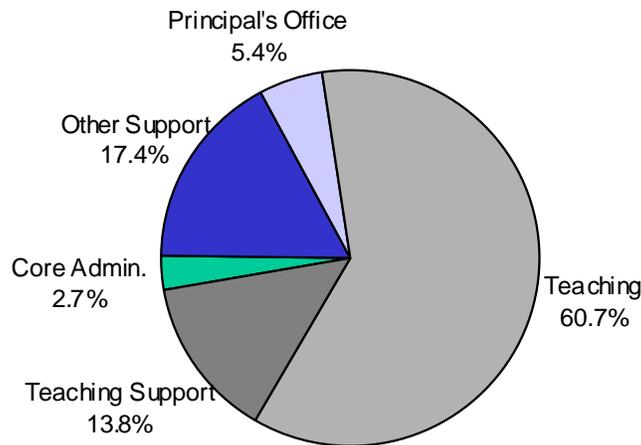
Expenditures by District Activity

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 decreases by \$788 thousand.
- Principal's Office decreases by \$1.3 million.
- Teaching Support increases by \$5.3 million.
- Core Administration decreases by \$259 thousand.
- Other Support activities decreases by \$2.5 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 schools. 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.

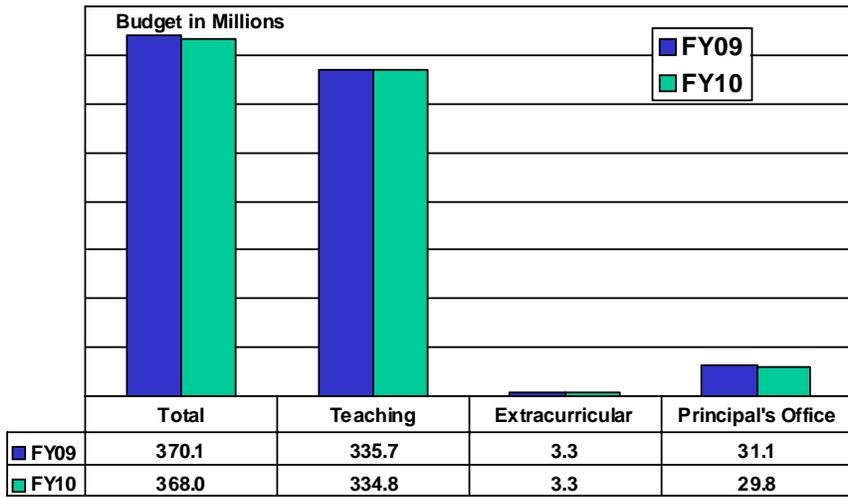
The budget for Teaching and Principal's Office activities is recommended at \$368.0 million dollars. Of the total budget for these activities, 21% is grant funded and 79% is funded with non-grant resources.

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

- Allocation of Federal ARRA funds into a teaching reserve. These funds have not yet been designated; however they are reflected in the Teaching program expenditures. *Cost increase of \$11.2 million.*
- There is an increase in the budget for services to students who are not making sufficient academic progress. *Cost increase of 1.9 million.*
- Redirection of Title 1 funds from school based allocations to a central reserve to pay for an increase in the need for supplemental service providers required by No Child Left Behind. *Cost increase of \$922 thousand.*
- Changes in school based, Weighted Staffing Standard (WSS) resources. Includes a redirection in Title I of \$922 thousand from schools to support services for supplemental service providers required by No Child Left Behind and a redirection of Free and Reduced lunch to a central reserve for school intervention of \$1.2 million. In addition, class size increases in grades two through five reduced teacher staffing. *Cost reduction of \$7.4 million.*
- Decrease in pension contribution rates, partially offset by a slight increase in medical costs, set by the state legislature, results in a reduction of expenses. *Cost reduction of \$3.9 million.*
- Closure of four schools and shifting programs within the district resulted in the reduction of school staff, including principals and secretaries, for the closed programs. *Cost reduction of \$982 thousand.*
- Decrease in grant reserve. This represents budget held in reserve in anticipation of future grant revenue. This reserve has been decreased to align with anticipated FY09-10 grant revenue. *Cost Reduction of \$2.9 million.*

Chart on next page

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.

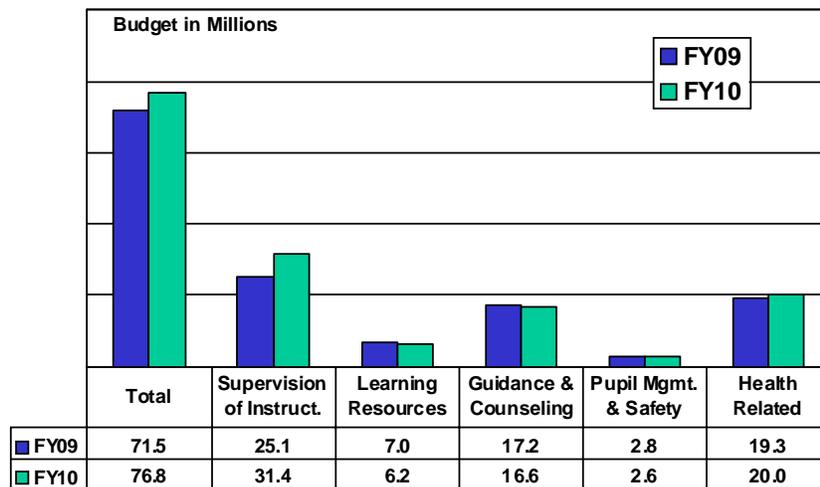
The budget for Teaching Support is recommended at \$76.8 million, an increase of \$5.3 million over the previous fiscal year. Of the total budget for this activity, 34% is grant funded and 66% is funded with non-grant resources.

Key changes to the Teaching Support activities include:

- Allocation of Federal ARRA funds into a teaching support reserve. These funds have not yet been designated; however they are reflected in the Teaching Support expenditures. *Cost increase of \$6.1 million.*
- Funding of the district's academic strategic initiatives including: Math and Science Instructional Coaches, enhanced professional development for new administrator and teachers, support for curriculum mapping and textbook selection committees, and organizational improvements in Special Education. *Cost increase of \$1.2 million.*
- Allocation of a portion of the Gates Excellence for All grant in the Superintendent's Budget. This grant supports strategic plan work in the areas of rigor, data and assessments, student supports and teacher effectiveness. *Cost increase of \$2 million.*
- Redirection of 15% of school based Free and Reduced Lunch funds from the WSS were placed in the Chief Academic Officer's organization for focused intervention services for schools not meeting academic achievement goals. *Cost increase of \$1.2 million.*
- Reductions in I-728 and LAP funding resulted in the elimination of twenty-eight school based Instructional Coaches and three central coach positions. Reductions in various other funding sources led to the reduction of three additional coach positions. *Cost reduction of \$3 million*
- Decrease in pension contribution rates, partially offset by a slight increase in medical costs, set by the state legislature, results in a reduction of expenses. *Cost reduction of \$800 thousand.*

- Various position cuts including the Assistant Director for Curriculum and Instruction, a Curriculum Consultant, a Program Evaluator, an Advanced Learning Consulting Teacher, an Assistant Grant Financial Manager, a Senior Administrative Assistant and several other support positions. *Cost reduction of \$733 thousand.*
- Closure of four schools and shifting of other programs within the district resulted in the reduction of school staff including librarians and counselors for the closed programs. *Cost reduction of \$633 thousand.*

Teaching Support



Numbers may not add due to rounding

Core Administration

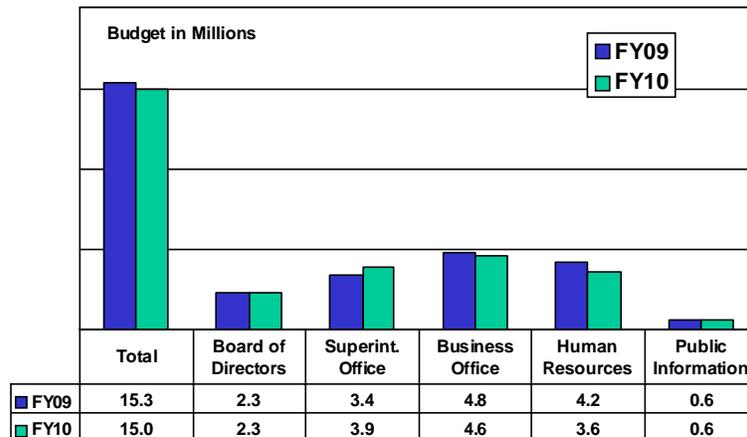
Core Administration consists of activities related to the administration and management of the District. Costs in this category include the Board of Directors, Superintendent, Financial and Accounting operations, Human Resources and Public Information.

The budget for Core Administration is recommended at \$15.0 million, a decrease of approximately \$259 thousand below the previous fiscal year. Of the total budget for this activity, only \$15,000 is funded with grant resources.

Key changes to the Core Administration activities include:

- Funding in the Superintendent's office of one time expenditures related to securing closed schools necessitated by the school closure process. *Cost increase of \$578 thousand.*
- Addition to the Superintendent's office of Broad Resident, and a Senior Administrative staff position. *Cost increase of \$127 thousand.*
- Elimination of Business Office staff including the Budget Director, a Senior Budget Analyst, two Accounting staff and a Records Specialist. *Cost reduction of \$400 thousand.*
- Elimination of Human Resource staff including one HR Manager and four Personnel Specialists. *Cost reduction of \$340 thousand.*
- Elimination of the Director of School Partnership position and one Customer Services position. *Cost reduction of \$167 thousand.*
- Shift of payroll staff from Human Resources to the Business Office resulting in a reclassification of four payroll technicians. No change in cost only a movement of funds between the two activities of \$228 thousand.

Core Administration



Numbers may not add due to rounding

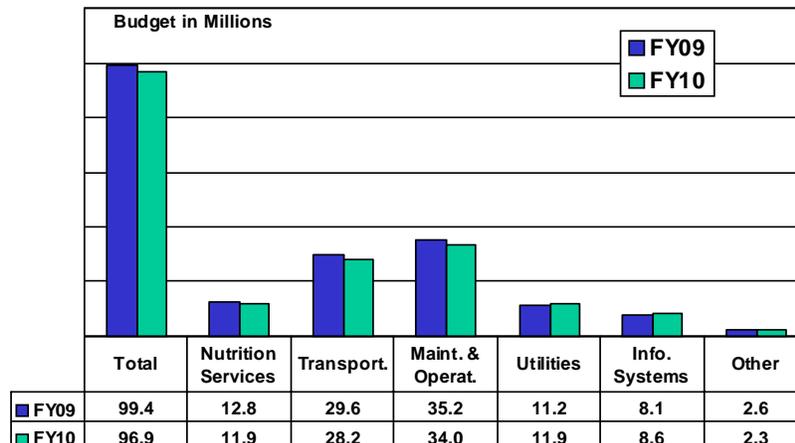
Other Support

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 \$96.9 million, a decrease of \$2.5 million over the previous fiscal year.

Key changes to the Other Support activities include:

- Increase in software license costs due to the district wide strategic initiative project plan for K-12 Assessment Strategy (Edusoft/Map). *Cost increase of \$540 thousand.*
- Utility costs are projected to increase for FY09-10 despite reductions associated with school closures. *Cost increase of approximately \$350K.*
- Implementation of a salary study for the Technology department resulted in classification changes for numerous positions. While this change was implemented during FY08-09, it occurred after budget adoption and is, therefore, reflected as an increase here. *Cost increase of approximately \$340K.*
- Closure of four schools and shifting of other programs resulted in the reduction of school support staff including custodians and food service workers. In addition, transportation and utility costs were reduced. *Cost reduction of \$2 million of costs.*
- Change in school start times to align busing routes and reduce trips. Decrease of approximately \$2.2 million of costs offset by metro pass increases of \$630 thousand and the added new expense of pre-trip inspections of \$441 thousand. *Net cost reduction of \$1.1 million.*
- Elimination of Central Office staff positions including: 3 Office Machine Repair, 1 Maintenance Specialist, 1 Facility Manager, 1 Custodial Engineer, 2 assistant custodians, 1 Grounds Support, as well as 2 Mail Clerks. *Cost reduction of \$686 thousand.*
- A shift from operating production kitchens, where school breakfast and lunches are made at individual secondary school sites, to utilizing the central kitchen for the majority of meal preparation. *Cost reduction of approximately \$600 thousand.*

Other Support



Numbers may not add due to rounding

The Recommended Debt Service Fund Budget for FY09-10

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

	FY08-09	FY09-10	
	Adopted	Recommended	\$ Change
Beginning Fund Balance	11.8	12.2	0.4
Total Revenues	81.9	81.6	-0.3
Total Expenditure	82.6	86.5	3.9
Other Financing	2.0	2.0	0.1
Ending Fund Balance	\$13.1	\$9.4	-\$3.7

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 \$81.6 million for FY09-10. Revenues primarily consist of tax levy collections to fund the 2007 BEX III Bonds as well as investment earnings.

Expenditures are budgeted at \$86.5 million, an increase of \$3.9 million. The increase is primarily due to the retirement of the 1999 Qualified Zone Academy Bonds (QZABs) requiring a \$2.8M payment and increases in debt service of the other existing outstanding debt.

Other Financing represent the transfer from Capital Project Fund to fund the \$2.0 million debt service for the 2001 Series A bonds. The QZABs are fully funded in the Debt Service Fund.

The Debt Service revenue and expenditure budget includes \$250 thousand in capacity to avoid filing a new budget in case of emergency spending. The budget capacity was reduced by \$250 thousand from the prior year budget.

**Seattle Public Schools
Existing Debt
Principal and Interest
As of June 17, 2009**

Fiscal Year Ending August 31	QZAB Bonds Principal and Interest	2001 Series A (JSCEE) Bonds Principal and Interest	2007 Series A & B (BEX III) Bonds Principal and Interest	Total Principal and Interest
2010	\$ 3,058,880	\$ 2,045,469	\$ 80,916,875	\$ 86,021,224
2011	1,100,000	2,136,713	81,506,275	84,742,988
2012	1,100,900	2,231,656	81,803,563	85,136,119
2013	-	2,232,400	81,720,375	83,952,775
2014	3,057,000	2,328,681	40,369,625	45,755,306
2015	-	2,437,350	-	2,437,350
2016	-	2,544,150	-	2,544,150
2017	-	2,653,900	-	2,653,900
2018	-	2,773,725	-	2,773,725
2019	-	2,892,750	-	2,892,750
2020	-	3,019,825	-	3,019,825
2021	-	3,148,906	-	3,148,906
2022	-	3,280,256	-	3,280,256
2023	-	3,315,713	-	3,315,713
2024	-	3,464,225	-	3,464,225
2025	-	3,616,988	-	3,616,988
2026	-	3,777,819	-	3,777,819
2027	-	3,935,669	-	3,935,669
	<u>\$ 8,316,780</u>	<u>\$ 51,836,194</u>	<u>\$ 366,316,713</u>	<u>\$ 426,469,686</u>

The Recommended Transportation Vehicle Fund Budget for FY09-10

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:

	FY08-09	FY09-10	
	Adopted	Recommended	\$ Change
Beginning Fund Balance	15,085	14,964	-121
Total Revenues	500	337	-163
Total Expenditure	15,585	15,301	-284
Ending Fund Balance	\$0	\$0	\$0

HIGHLIGHTS OF CHANGES

The District out-sources its transportation services and the cost of student transportation is reflected in the General Fund. Because of this, the District plans to close this fund in Fiscal Year 2010 by using the residual balance of \$15,301 on major repairs of older District owned school buses.

The Recommended Associated Student Body Fund Budget for FY09-10

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

	FY08-09	FY09-10	
	Adopted	Recommended	\$ Change
Beginning Fund Balance	2.6	2.9	0.3
Total Revenues	4.3	4.5	0.2
Total Expenditure	4.6	4.8	0.2
Ending Fund Balance	\$2.2	\$2.6	\$0.4

Numbers may not add due to rounding

HIGHLIGHTS OF CHANGES

The ASB Fund budget is recommended at \$4,812,205 for FY09-10, an increase of approximately 4% from the prior year budget. This amount is comprised of estimates provided by individual schools of \$4,562,205 and a \$250 thousand budget capacity to allow schools to collect and spend funds in excess of their projections without causing the District to file for a budget extension. There are no significant changes in the expected level of the overall schools' ASB activity from year to year.