

DEEL Levy Oversight Committee

AGENDA

Tuesday, September 12, 2017

4:00 – 5:30 p.m.

Boards and Commissions Room L280

City Hall, 600 4th Avenue

| | |
|-----------------------------------|----------------------|
| Welcome and Introductions | Dwane Chappelle |
| Review and Approve 5/9/17 Minutes | Dwane Chappelle |
| Review Agenda | Dwane Chappelle |
| Levy Budget Review | Donnie Grabowski |
| FEL and SPP Levy Renewal Update | Sid Sidorowicz |
| Thank You and Adjourn | Dwane Chappelle, All |

Attachments

Draft minutes from 5/9/17 meeting
Levy Budget Memo
FEL and SPP Renewal Memo
Levy Outreach Calendar

Next Meeting

Levy Renewal Retreat, Date and Location TBD



DRAFT



DEEL LEVY OVERSIGHT COMMITTEE

Tuesday, May 9, 2017

MINUTES

Members Present: Lucy Gaskill-Gaddis, Saadia Hamid, Council President Bruce Harrell, Ruth Kagi, Larry Nyland, Erin Okuno, Shouan Pan, Kevin Washington, Greg Wong.

LOC Members Absent: Hueiling Chan, Sandi Everlove, Allison Wood.

Others Present: Dwane Chappelle (DEEL), Jolenta Coleman (DEEL), Brian Goodnight (Council Central Staff), Donnie Grabowski (DEEL), Dana Harrison (DEEL), Monica Liang-Aguirre (DEEL), Pegi McEvoy (SPS), Kaetlin Miller (PHSKC), Waslala Miranda (CBO), Ben Noble (CBO), Long Phan (DEEL), Sara Rigel (PHSKC), Sue Rust (DEEL), Sid Sidorowicz (DEEL), Anna-Maria Vag (Gatewood PTA Legislative Chair), Jessica Knaster Wasse (PHSKC).

Dwane Chappelle greeted everyone and called the meeting to order. The minutes from March 14, 2017 were approved.

On Tuesday, May 9, the Levy Oversight Committee (LOC) considered the Mayor's request that \$2.3 million of underspent Families and Education Levy funds be used to support the Seattle Public Schools' proposal to move to a two-tier bus and bell time schedule. Section 6 of Ordinance 123567 requires that the Executive seek the recommendation of the LOC prior to submitting any proposed changes to Levy funding that must be approved by ordinance by City Council.

The LOC received a three-part presentation on the issue. City Budget Office Director Ben Noble discussed the City's financial situation and noted that, at this time, no excess funds are available for this one-time request. He specifically referenced the School Safety Traffic and Pedestrian Improvement Fund, noting that there are enough funds for the District's request for the City to take on responsibility for the Crossing Guards program. However, there are not enough funds available for the bus schedule change. Because the Levy has been underspent for several reasons, funds are available that would be best used for a one-time request. The City is not prepared to fund proposals that would create an ongoing expense.

Dr. Maida Lynn Chen, Associate Professor of Pediatrics at the University of Washington, presented the science behind the request for two tier school starts. Pegi McEvoy, SPS Assistant Superintendent for Operations, presented the history of bell time changes by SPS, along with the most recent efforts at Community Engagement and Outreach.

Seven public LOC members were present, along with SPS Superintendent Nyland and City Councilmember Harrell. Overall, committee members accepted and supported the District's

rationale for moving to the proposed two tier bell time. However, there were many questions and concerns about the use of Levy funds for this purpose. Generally, concerns were:

1. Levy funds are strategically directed at achieving specific and measurable improvements in academic results. This accountability structure is a fundamental strength of the Levy. The SPS request essentially is an ask for the City to fund a general transportation need for the District because it has a budget shortfall. The levy has never been used as a general grant-making fund that responds to unsolicited proposals regardless of their merit.
2. Levy funds are directed toward closing the academic opportunity gap. Schools and students targeted for Levy investments need support to improve outcomes for struggling students. This focus on equity is important to the LOC. The SPS request is not targeted in this way and addresses equality, but not equity, in transportation needs. Significantly, the groups that most benefit from later start times (teens) are already on a later bell schedule, and the majority of low-income schools are on appropriate bell schedules. It is unclear who benefits from this specific \$2.3 million grant and how it actually would result in reduced academic opportunity gaps.
3. The opportunity costs of using Levy funds for transportation need to be considered. LOC members believe underspent funds could be put to use in ways that would more effectively address opportunity gaps, such as by investing directly in the schools that already are working to achieve Levy goals, even if the funding were limited to one-time expenses.

After discussion, the LOC members were asked to state their recommendations. Four recommended that Levy funds not be used for this purpose, while three recommended that the proposal be moved forward. At a minimum, LOC members asked that SPS return to present the results of this change, and how it has affected student behavior and outcomes. Results should be disaggregated by students' characteristics.

The agenda for the meeting also included discussion of the Families and Education Levy mid-year report. Because time for the meeting had expired, Sid Sidorowicz noted that the members of the LOC had copies of the mid-year report in their packets that they could review.

D. Chappelle thanked everyone for coming and adjourned the meeting at 6:00 p.m.



Seattle Department of Education & Early Learning

Edward B. Murray, Mayor
Dwane Chappelle, Director

DATE: September 12, 2017

TO: Levy Oversight Committee

FROM: Dwane Chappelle, Director, DEEL
Donnie Grabowski, Finance Director, DEEL

RE: Department of Education and Early Learning Organization Overview and Budget Briefing

I. Introduction and Overview

This memo provides you with an overview of the organization of the City's Department of Education and Early Learning (DEEL), DEEL's 2018 Proposed Budget, and a financial overview of both the Families and Education Levy (FEL) and Seattle Preschool Program (SPP) Levy. The 2018 Proposed Budget is expected to be introduced by the Mayor on Monday, September 25. DEEL was established in 2015 and is responsible for the financial oversight of FEL and SPP funds, the State of Washington Early Childhood Assistance (ECEAP) grant, and other programs supported by the City General Fund (GF). Beginning in 2018, DEEL will be administering new Birth-5 and K-12 programs supported by the Sweetened Beverage Tax (SBT).

DEEL includes four divisions:

- 1) Director's Office Division: Includes the Department Director and Deputy Director, data management, and outreach.
- 2) Early Learning Division: Includes the Early Learning Division Director, Policy and Planning unit, Operations staff, and the Quality Assurance and Professional Development unit. These staff manage the department's early learning investments for the FEL, SPP, the State ECEAP grant, the Comprehensive Child Care Program (CCCP), the Child Care Assistance Program (CCAP), the Nurse-Family Partnership (NFP) Program, and Family Child Care (FCC) professional development.
- 3) K-12 Division: Includes the K-12 Director and K-12 staff who manage the department's FEL-funded K-12 and health investments. In 2016, these staff were housed in the Director's Office Division.
- 4) Finance and Administration Division: Includes the Finance Director and finance, contracting, and accounting staff who support the department's fiscal and administrative needs. Note: DEEL outsources human resources to the City's Seattle Department of Human Resources (SDHR), information technology to the City's Seattle IT Department, and accounting to the Department of Neighborhoods (DoN). This Division coordinates and/or manages these agreements.

Summit Reimplementation

Note: The City is converting to an upgraded Citywide budget system (from PeopleSoft 8.8 to 9.2) beginning in January 2018. The 2018 Proposed Budget to Council in September will be submitted in

the current DEEL budgeting structure and this memo follows this format. DEEL has been working on a new 2018 “converted” budget that aligns with the City’s new budget requirements, and this converted budget will be adopted by the City Council. DEEL’s converted budget will entail the following:

- Revised division structure: Leadership and Administration, Early Learning, K-12, Post-Secondary divisions.
- Direct charging to FEL, SPP, and the General Fund.
- Deviation from FEL and SPP expenditure plan categories originally adopted by ordinance – however, overall FEL and SPP annual budgets will remain the same as in the original expenditure plans. The City’s Law department reviewed and approved this change, so long as DEEL doesn’t exceed its 5% administrative cap requirement.

II. DEEL 2018 Proposed Budget

DEEL’s budget by division and by fund source is summarized in Tables 1 and 2 below.

Table 1: DEEL 2018 Proposed Budget by Division

| DEEL Division | 2018 FTEs* | Programs | 2018 Budget (Millions) | % of Total DEEL Budget |
|----------------------------|-------------------|---|-------------------------------|-------------------------------|
| Director’s Office | 12.0 | <ul style="list-style-type: none"> • DEEL Outreach • DEEL Data Management • Our Best • Post-Secondary | \$4.5 | 6% |
| Early Learning | 43.0 | <ul style="list-style-type: none"> • FEL Early Learning • SPP • Comprehensive Child Care Program (CCCP) • Child Care Assistance Program (CCAP) • ECEAP (Washington State grant) • Nurse Family Partnership (NFP) • Professional Development • Parent Child Home Program • Family Child Care Program Support • Comprehensive Program Support for Birth-3 Child Care Providers/Early Child Intervention Program Support | \$42.6 | 53% |
| K-12 | 6.0 | <ul style="list-style-type: none"> • FEL K-12 • FEL Health • High School Strategic School Investments/Innovation Schools • Summer Learning • Summer Melt | \$29.4 | 37% |
| Finance and Administration | 14.0 | <ul style="list-style-type: none"> • Budget • Financial oversight/monitoring • Contracting • (HR, accounting, and IT support is outsourced) | \$3.6 | 4% |
| Total | 75.0 | | \$80.1 | 100% |

*For more information about existing 2017 DEEL FTEs, the DEEL departmental organization chart is attached (Attachment 1).

Table 2: DEEL 2018 Proposed Budget by Fund Source

| Fund Source | Programs by Fund Source | 2018 Budget (Millions) | % of Total DEEL Budget |
|---------------------------------|---|-------------------------------|-------------------------------|
| Families and Education Levy* | <ul style="list-style-type: none"> • Early Learning • Elementary • Middle School • High School • Health • Administration | \$40.9** | 51% |
| Seattle Preschool Program Levy* | <ul style="list-style-type: none"> • School Readiness • Program Support • Capacity Building • Research & Evaluation • Administration • Contingency | \$20.6*** | 26% |
| State ECEAP | <ul style="list-style-type: none"> • State ECEAP-funded preschool | \$3.9 | 5% |
| General Fund | <ul style="list-style-type: none"> • CCCP • CCAP • NFP • Professional Development for CCCP and Family Child Care Providers • Education Summit Implementation • Our Best • Sweetened Beverage Tax-funded programs: (Birth-5, K-12, Post-Secondary) (2018) | \$14.7 | 18% |
| Total | | \$80.1 | 100% |

*A further breakout of these programs is included in the FEL and SPP Financial Overview sections of this memo.

**Ties to the financial plan approved via Ordinance #123567.

***Ties to the financial plan approved via Ordinance #124509.

III. Families and Education Levy Financial Overview

Revenue Update

The 2011 Families and Education Levy (2011 Levy) can legally collect property taxes over seven years according to the Levy legal allocation schedule in Table 3. The beginning amount of \$32,100,950 in 2012 inflates 1% annually through 2018, the last year of collection, for a total estimated Levy of \$231,561,336. The amount of Levy revenue estimated to be collected is \$230,634,758. In addition, the Levy was estimated to gain \$4,874,675 in additional revenue from interest earnings on the Levy fund balance, resulting in a combined total revenue estimate of \$235,509,433. Interest earnings were conservatively estimated in the 1-2% range throughout the life of the Levy. The Levy is structured similarly to the 2004 Levy in that it under appropriates revenues collected in the first year in order to fund program and administration expenses in the final years of implementation.

For calendar year 2016, the 2011 Levy's actual revenue was lower than the original estimate by approximately \$93,000. The collection on property tax revenue was lower than estimates by \$8,000 (99.9%) and the collection on investment earnings were lower than estimates by \$85,000 (91%). Under collection, in any given year, can occur due to delinquent accounts or annual decreases in tax assessments based on valuation or other appeals. Investment earnings can fluctuate broadly, as we witnessed during the last Levy, due to current market activity and fund

balance levels. As we approach the end of the seven-year collection period, DEEL projects there will be a cumulative revenue shortfall. As a precaution, in 2013 the Office for Education transferred \$1.5 million in expenditures from the 2011 Levy to the 2004 Levy fund, in turn creating a \$1.5 million contingency fund in the 2011 Levy. DEEL will not need to reduce future program allocations in the event of a seven-year revenue shortfall because it is not planning to spend this \$1.5 million contingency for other purposes.

Table 3: 2011 Families and Education Levy Revenue Summary (\$000s)

| Revenue Summary (in thousands): | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------|------------------|
| Levy legal allocation | \$32,101 | \$32,422 | \$32,746 | \$33,074 | \$33,404 | \$33,738 | \$34,076 | \$ - | \$231,561 |
| Estimated property tax to be collected* | \$31,659 | \$32,195 | \$32,565 | \$32,917 | \$33,257 | \$33,598 | \$33,934 | \$509 | \$230,634 |
| Estimated investment earnings** | \$264 | \$573 | \$682 | \$908 | \$895 | \$811 | \$664 | \$77 | \$4,874 |
| Total Estimated Revenues | \$31,923 | \$32,768 | \$33,247 | \$33,825 | \$34,152 | \$34,409 | \$34,598 | \$586 | \$235,508 |
| Estimated property tax to be collected | \$31,659 | \$32,195 | \$32,565 | \$32,917 | \$33,257 | \$33,598 | \$33,934 | \$509 | \$230,634 |
| Actual property taxes | \$31,576 | \$32,095 | \$32,646 | \$33,006 | \$33,250 | | | | \$162,573 |
| % of Estimate Collected | 99.7% | 99.7% | 100.2% | 100.3% | 99.9% | | | | |
| Excess (shortfall) | (\$83) | (\$100) | \$81 | \$89 | (\$8) | | | | (\$21) |
| Estimated investment earnings | \$264 | \$573 | \$682 | \$908 | \$895 | \$811 | \$664 | \$77 | \$4,874 |
| Actual investment earnings | \$99 | \$239 | \$427 | \$611 | \$810 | | | | \$2,186 |
| % of Estimate collected | 37.7% | 41.7% | 63% | 67% | 91% | | | | |
| Excess (Shortfall) | (\$165) | (\$334) | (\$255) | (\$297) | (\$85) | | | | (\$1,136) |
| Total Excess (Shortfall) | (\$248) | (\$434) | (\$174) | (\$208) | (\$93) | | | | (\$1,157) |

* The cost to an owner of a home of median assessed residence value (\$480,000) was approximately \$98.18 in 2016.

**Originally estimated in the 1.25 - 2.5% range.

2017 Mid-Year Revenue

As of June 2017, a total of \$18 million or 54% of the 2017 estimated 2011 Levy property tax (\$33.6 million) had been collected, leaving a balance of \$15.6 million to be collected. A total of \$435,000 or 54% of the 2017 estimated 2011 Levy investment earnings (\$811,000) had been collected, leaving a balance of \$376,000 to still be collected.

Fund Cash Balance

The 2011 Levy fund balance as of June 30, 2017 was \$61,274,374.

September 12, 2017

Expenditure Update

Estimated Expenditures

Planned expenditures for the 2011 Levy are noted in Table 4 below. This levy assumed a 1.9 - 2.5% rate of growth for programs once phased in completely. Early Learning preschool slots continue to ramp up through the seven years of the levy; elementary innovation sites ramp up through the 2017-18 school year; elementary summer learning programs continue to ramp up through the 2018-19 school year and through the 2017-18 school year for middle school summer learning. The first school year funded by this levy was 2012-13 and the final school year is 2018-19. Calendar year (CY) 2012 represents 4 months of expenditures (September - December 2012) and calendar year 2019 includes 8 months (January - August 2019).

Table 4: 2011 Levy Original Expenditure Plan

| 2011 LEVY EXPENDITURES: | CY 2012 | CY 2013 | CY 2014 | CY 2015 | CY 2016 | CY 2017 | CY 2018 | CY 2019 | Total | % of Total |
|--------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|-------------------|
| Early Learning | \$1,706,007 | \$5,765,435 | \$7,249,028 | \$8,178,208 | \$9,153,954 | \$10,173,376 | \$11,084,099 | \$7,739,956 | \$61,050,064 | 26% |
| Elementary Schools | \$1,394,262 | \$4,610,427 | \$5,759,323 | \$6,965,430 | \$8,234,147 | \$9,484,236 | \$10,383,276 | \$7,176,592 | \$54,007,694 | 23% |
| Middle Schools | \$1,421,180 | \$4,695,173 | \$5,656,949 | \$6,213,582 | \$6,694,169 | \$7,184,799 | \$7,564,130 | \$5,163,780 | \$44,593,762 | 19% |
| High Schools | \$831,385 | \$2,546,532 | \$2,605,103 | \$2,719,222 | \$2,946,049 | \$3,182,518 | \$3,425,816 | \$2,471,783 | \$20,728,408 | 9% |
| Health | \$1,711,236 | \$5,509,470 | \$6,187,471 | \$6,335,971 | \$6,494,370 | \$6,656,729 | \$6,816,491 | \$4,653,391 | \$44,365,128 | 19% |
| Administration | \$409,396 | \$1,253,981 | \$1,282,823 | \$1,313,611 | \$1,346,451 | \$1,380,112 | \$1,413,235 | \$964,768 | \$9,364,377 | 4% |
| Evaluation | \$66,667 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$200,000 | \$133,333 | \$1,400,000 | 1% |
| TOTAL EXPENDITURES: | \$7,540,134 | \$24,581,019 | \$28,940,696 | \$31,926,024 | \$35,069,140 | \$38,261,770 | \$40,887,046 | \$28,303,603 | \$235,509,433 | 100% |

Actual Expenditures

The 2011 Levy began expending funds in mid-2012. The first school year funded by this levy was 2012-13. Table 5 below shows the percentage of program budgets expended in 2012-2016.

Notes regarding these percentages:

- There has been no overspending of 2011 Levy allocated budgets.
- Most 2012 budgets have been expended in the 90%-100% range.
- The 2013 percentages reflect \$1.5 million expenditure transfer to 2004 Levy and are in the 60%-98% range.
- Percentages assume currently encumbered funds will be entirely spent.
- The 2016 and 2017 expenditures are expected to increase in some programs as final payments for 2016-2017 contracts are made by the fall of 2017.
- The 2017 expenditures will increase once 2017 spending starts on 2017-18 school year contracts.
- The 2017 expenditures will also increase as expenses from the DEEL operating fund are transferred to the Levy projects.

Table 5: 2012-2019 Percentage of 2011 Levy Budgets Expended as of 08/16/17

| Category | 2012 | 2013* | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------|-------|-------|-------|-------|-------|-------|------|------|
| Early Learning | 99.9% | 93.1% | 88.6% | 86.6% | 84.2% | 38.4% | | |
| Elementary Schools | 99.9% | 92.9% | 98.8% | 91.5% | 89.9% | 16.2% | | |
| Middle Schools | 98.7% | 69.6% | 91.9% | 85.8% | 84.5% | 21.9% | | |
| High Schools | 99.3% | 59.8% | 91.1% | 94.6% | 87.1% | 22.4% | | |
| Health | 99.8% | 99.2% | 99.3% | 99.9% | 92.5% | 0.0% | | |
| Administration | 92.9% | 76.7% | 78.6% | 96.9% | 90.1% | 67.9% | | |
| Evaluation** | 84.9% | | | | | | | |

*Reflects \$1.5 million expenditure transfer to 2004 Levy in 2013. This contingency fund will help offset any shortfalls over the seven-year revenue collection period.

**Beginning in 2013, evaluation is included in the administration category.

FEL Underspend

Projected FEL underspend from 2012-2016 is approximately \$7.5 million. Reasons for the underspend:

- SPS contracts are set up on a reimbursable basis. Over the five years, there has been unspent base pay and unearned performance pay in all program areas.
- In 2013, the Office for Education (OFE) transferred \$1.5 million in expenditures to the 2004 Levy.
- In the 2012-13 school year (SY), OFE awarded funding to only four high schools. A fifth school was added the following year.
- Not all of the dollars for summer learning have been allocated in the past due to insufficient number of applicants meeting DEEL requirements.
- In 2012-13 SY, OFE awarded funding to two out of three expected elementary community-based family support organizations.
- In the earlier years of the Levy (2013-2015) there was larger administration underspend because OFE's expenses were lower (i.e. rent) and OFE program staff were budgeted as part of program expenses, not as administration. DEEL formed in 2015 and needed to absorb additional costs for rent and accounting staff.
- The Health contract became non-reimbursable in the 2014-15 SY due to Medicaid Match requirements. Underspend was higher when it was a reimbursable contract.

DEEL intends to reinvest approximately two-thirds of this underspend, while also limiting bow wave costs in the future Levy. Examples of reinvestment items:

- Indirect increases at SPS - \$1.2 million
- Reserve for less than projected Levy revenue - \$1.1 million
- Middle school culturally responsive curriculum and professional development - \$357K
- English Language Learner professional development and coaching - \$350K
- K-12 Planning and Development Specialist (two years) - \$230K
- Space Planning - \$135K
- Levy Planning - \$100K
- Fully fund culturally responsive summer learning - \$110K

IV. Seattle Preschool Program Financial Overview

Revenue Update

The SPP Levy is expected to collect \$58.0 million in property tax revenue, \$7.0 million in tuition, and \$16.3 million from other funding sources. Funds will be invested over five calendar years (2015-2019) to fund SPP from the 2015-16 SY through the 2018-19 SY. These revenues are discussed below and summarized in Tables 6, 7, and 8 below.

Property Tax Overview

The 2014 SPP Levy can legally collect \$58.3 million in property taxes over four years (\$14.6 million each year) according to the Levy legal allocation schedule in Table 6. The amount of Levy revenue estimated to be collected is \$58.0 million. This SPP Levy is structured similarly to the FEL in that it under appropriates revenues collected in the first year in order to fund program and administration expenses in the final years of implementation.

Table 6: Seattle Preschool Program Levy Revenue Summary (\$000s)

| Revenue Summary (in thousands): | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|--|-------------|-------------|-------------|-------------|-------------|-----------------|
| Levy legal allocation | \$14,566 | \$14,566 | \$14,566 | \$14,566 | \$ - | \$58,264 |
| | | | | | | |
| Estimated property tax | \$14,286 | \$14,441 | \$14,476 | \$14,506 | \$326 | \$58,037 |
| Actual property taxes | \$14,392 | \$14,462 | | | | \$28,854 |
| Excess (shortfall) | \$106 | \$21 | | | | \$127 |
| % of Estimate collected | 100.7% | 100.1% | | | | |

2017 Midyear Property Tax Revenue

As of June 2017, a total of \$7.8 million or 54% of the 2017 estimated SPP Levy property tax (\$14.5 million) had been collected, leaving a balance of \$6.7 million to be collected. In addition, \$468,000 in investment earnings had been collected.

Property Tax Fund Cash Balance

The SPP Levy fund balance as of June 30, 2017 was \$24,728,166.

Non-Levy Revenue Sources

In addition to property tax, SPP's revenue plan includes tuition collection and the blending of other funding sources to lower the cost burden to tax payers. Table 7 below summarizes these non-levy revenue sources. Table 8 below presents more detail on parent tuition.

Table 7: Seattle Preschool Program Non-Levy Revenue Sources

| REVENUES | CY 2015 | CY 2016 | CY 2017 | CY 2018 | CY 2019 | Total | % of Total |
|---|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------------|
| Parent Tuition* | \$140,860 | \$683,367 | \$1,541,202 | \$2,554,823 | \$2,158,020 | \$7,078,272 | 9% |
| Head Start | \$42,137 | \$170,537 | \$304,969 | \$445,646 | \$361,514 | \$1,324,802 | 2% |
| ECEAP | \$80,041 | \$323,940 | \$579,297 | \$846,517 | \$686,706 | \$2,516,502 | 3% |
| FEL Step Ahead | \$177,707 | \$721,659 | \$1,297,670 | \$1,892,597 | \$1,524,477 | \$5,614,111 | 7% |
| FEL Leveraged Funds | \$113,533 | \$447,855 | \$765,035 | \$1,086,811 | \$879,798 | \$3,293,031 | 4% |
| Working Connections Child Care (WCCC) | \$41,632 | \$164,767 | \$283,446 | \$400,014 | \$318,259 | \$1,208,117 | 1% |
| Child Care Assistance Program (CCAP) | \$16,880 | \$65,212 | \$107,297 | \$134,230 | \$90,882 | \$414,500 | 1% |
| Child and Adult Care Food Program (CACFP) | \$38,383 | \$186,212 | \$419,965 | \$696,168 | \$588,042 | \$1,928,770 | 2% |
| SPP Levy Funds** | \$4,761,696 | \$8,354,609 | \$12,515,602 | \$18,047,514 | \$14,355,310 | \$58,034,730 | 71% |
| Total Revenues: | \$5,412,869 | \$11,118,158 | \$17,814,483 | \$26,104,320 | \$20,963,008 | \$81,412,835 | 100% |

*Tuition will be collected from families whose household income is > 300% FPL. This revenue is collected by the City.

**The cost to a homeowner of a median assessed residence value (\$480,000) was approximately \$42.82 in 2016.

Tuition

In 2016-17, SPP collected tuition from parents of approximately 21% of its enrolled students; this number is 12% lower than the percentage projected by the financial model as noted in Table 8 below. Of those who paid tuition, the average per-student tuition was \$917 lower than projected. The combination of fewer paying families and lower tuition amounts resulted in loss of revenue in the amount of -\$710,180. This revenue loss is equivalent to the cost of funding three and one-half SPP classrooms; DEEL will cover half of this loss with the use of contingency funds (\$357,671) and the balance with prior year underspend.

Table 8: 2016-17 Student Tuition Collection Analysis

| Tuition Category | Budgeted | Actual | Difference Actual-Projected | Actual as % of Budgeted |
|-----------------------------|-------------|-----------|-----------------------------|-------------------------|
| Tuition Collection Amount | \$1,204,944 | \$494,764 | -\$710,180 | 41% |
| % Delinquency | 0% | 4% | 4% | N/A |
| # Students Enrolled | 780 | 617 | -163 | 79% |
| # Families Paying Tuition | 251 | 130 | -121 | 52% |
| % Families Paying Tuition | 32% | 21% | -12% | 66% |
| Average Tuition per Student | \$5,068 | \$4,151 | -\$917 | 82% |

Other Public Funds

In addition to revenues collected from property taxes and tuition, SPP also relies on other public funding sources to offset its costs¹. In 2016-17, DEEL indirectly received \$2.78 million or 97% of the budgeted amount in other funding sources. The reason for the increase in other funding sources, compared to last year, is that DEEL was able to recruit more Head Start and ECEAP providers to join SPP. However, this trend is not likely to continue due to the limited pool of these specialized providers.

Expenditure Update

Planned Expenditures

Planned expenditures for the SPP Levy are noted in Table 9 below. The SPP Levy expenditures are estimated at \$81.4 million (including \$1.7 million in contingency funds). The 2019 budget represents eight months of expenditures (January through August 2019).

Table 9: Seattle Preschool Program Expenditure Plan

| Expenditure Category | CY 2015 | CY 2016 | CY 2017 | CY 2018 | CY 2019 | Total | % of Total |
|-----------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| School Readiness | \$1,053,928 | \$4,731,254 | \$10,152,059 | \$17,108,285 | \$14,555,521 | \$47,611,047 | 58% |
| Program Support | \$247,675 | \$742,874 | \$1,392,357 | \$2,160,650 | \$1,654,922 | \$6,198,478 | 8% |
| Capacity Building | \$1,342,346 | \$2,597,576 | \$2,806,910 | \$2,913,052 | \$1,942,479 | \$11,602,363 | 14% |
| Research and Evaluation | \$918,614 | \$687,115 | \$759,817 | \$819,711 | \$599,242 | \$3,784,499 | 5% |
| Administration | \$1,711,616 | \$2,116,001 | \$2,328,807 | \$2,576,965 | \$1,792,728 | \$10,526,117 | 13% |
| Contingency | \$138,690 | \$243,338 | \$364,532 | \$525,656 | \$418,116 | \$1,690,332 | 2% |
| TOTAL | \$5,412,869 | \$11,118,158 | \$17,804,482 | \$26,104,319 | \$20,963,008 | \$81,412,836 | 100% |

¹Washington State Department of Early Learning (ECEAP), US Department of Health and Human Services (Head Start), Washington State Department of Social and Health Services (Working Connections Child Care), the Families and Education Levy, and City of Seattle Child Care Assistance Program (CCAP).

Actual Expenditures

In 2015, SPP began its first year of implementation. The primary focus of the second year was to continue to provide preschool slots to City residents and to implement new program initiatives such as the Family Child Care (FCC) Pilot program, Facility Development capital projects, and Special Populations supports. Table 10 below presents the percentage of spending by expenditure category and calendar year. As would be expected, the spending category with the highest percentage of expense is School Readiness which pays for slots and Special Populations support. This category is supported by tuition revenues, so the shortfall in revenue collection reduces our available budget; otherwise spending would be closer to 100%. The other spending categories have a lower percentage of expense due to the fact that these activities take more time to develop and implement. DEEL anticipates spending down the balance in future years as it further develops its support activities.

Table 10: 2015-2018 Percentage of Seattle Preschool Program Levy Budgets Expended as of 08/30/17

| SPP Expenditure Category | 2015 | 2016 | 2017 | 2018 |
|--------------------------|-------|-------|-------|------|
| School Readiness | 92.3% | 92.2% | 71.8% | |
| Program Support | 72.2% | 63.3% | 32.9% | |
| Capacity Building | 17.5% | 87.2% | 9.6% | |
| Research and Evaluation | 96.6% | 93.7% | 27.0% | |
| Administration | 95.0% | 92.0% | 54.0% | |
| Contingency | 89.8% | 86.8% | 0% | |
| Total | 76.3% | 90% | 69.5% | |

SPP Underspend

By the end of 2016, SPP accumulated \$2.3 million in savings due to the following factors:

- Capacity building underspend due to the timing of capital projects and the newness of technical assistance and scholarship programs. Due to the nature of capital projects, funding is released once certain milestones are met, so actual spending often lags behind commitments. Other capacity building initiatives (director-level technical assistance and teacher scholarships) were launched in the 2016-17 school year so there are savings from the 2015-16 school year. We are in the second year of the provider capital program and have a late funding round coming up in September. We will then have two more years of that program and potentially more funding that we will need to contribute to the Parks Department Community Center Initiative.
- Program support underspend is due to a variety of factors including limited staff capacity and facilities, limited trainer availability for high-demand sessions, little flexibility to schedule trainings in advance, and challenges related to releasing teachers to participate in necessary trainings. We are actively working on improving our staff capacity and providing more individualized training schedules so teachers can attend our trainings.
- School Readiness savings is due to the delay in launching the Special Populations program which began in earnest in the 2016-17 school year. Due to the sensitive nature of serving this population, there was a considerable amount of planning and coordination that went into the development of these services.
- Contingency funds have not been fully spent and are contributing to the available balance. As we expand the number of preschool classrooms we bring online, it is likely that we will need to use more contingency funds if tuition collection remains low.

SPP Revised Expansion Schedule

In spring 2017, DEEL revised its enrollment targets to address both financial and provider recruitment challenges. Table 11 below presents the original and revised expansion targets.

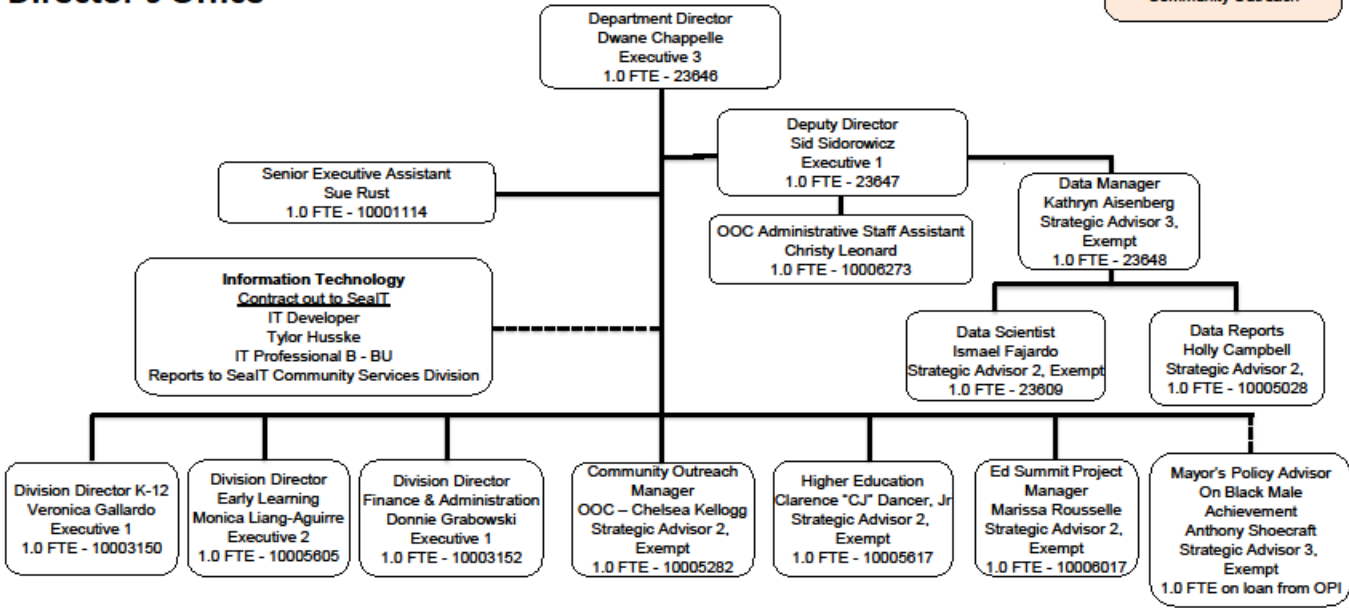
Table 11: 2015-16 to 2018-19 SPP Student Enrollment Ramp-Up Schedule

| School Year | Original SPP Ramp-Up Schedule | | Revised SPP Ramp-Up Schedule | |
|-------------|-------------------------------|------------|------------------------------|-------------|
| | # Classrooms | # Students | # Classrooms | # Students |
| 2015-16 | 14 | 280 | 15 | 280 |
| 2016-17 | 39 | 780 | 30-36 | 551-627 |
| 2017-18 | 70 | 1,400 | 50-60 | 1,007-1,140 |
| 2018-19 | 100 | 2,000 | 75-85 | 1,425-1,615 |

ATTACHMENT 1 – DEEL DEPARTMENTAL ORGANIZATION CHART

**Department of Education and Early Learning
Director's Office**

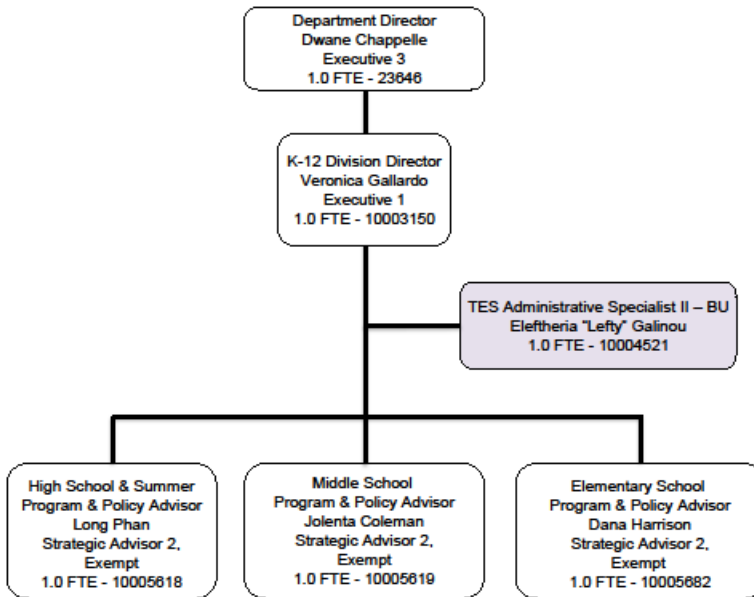
Director's Office
Oversight – all divisions
Higher Education
Community Outreach



8/30/17 OOC= Out-of-Class

**Department of Education and Early Learning
K-12 Division**

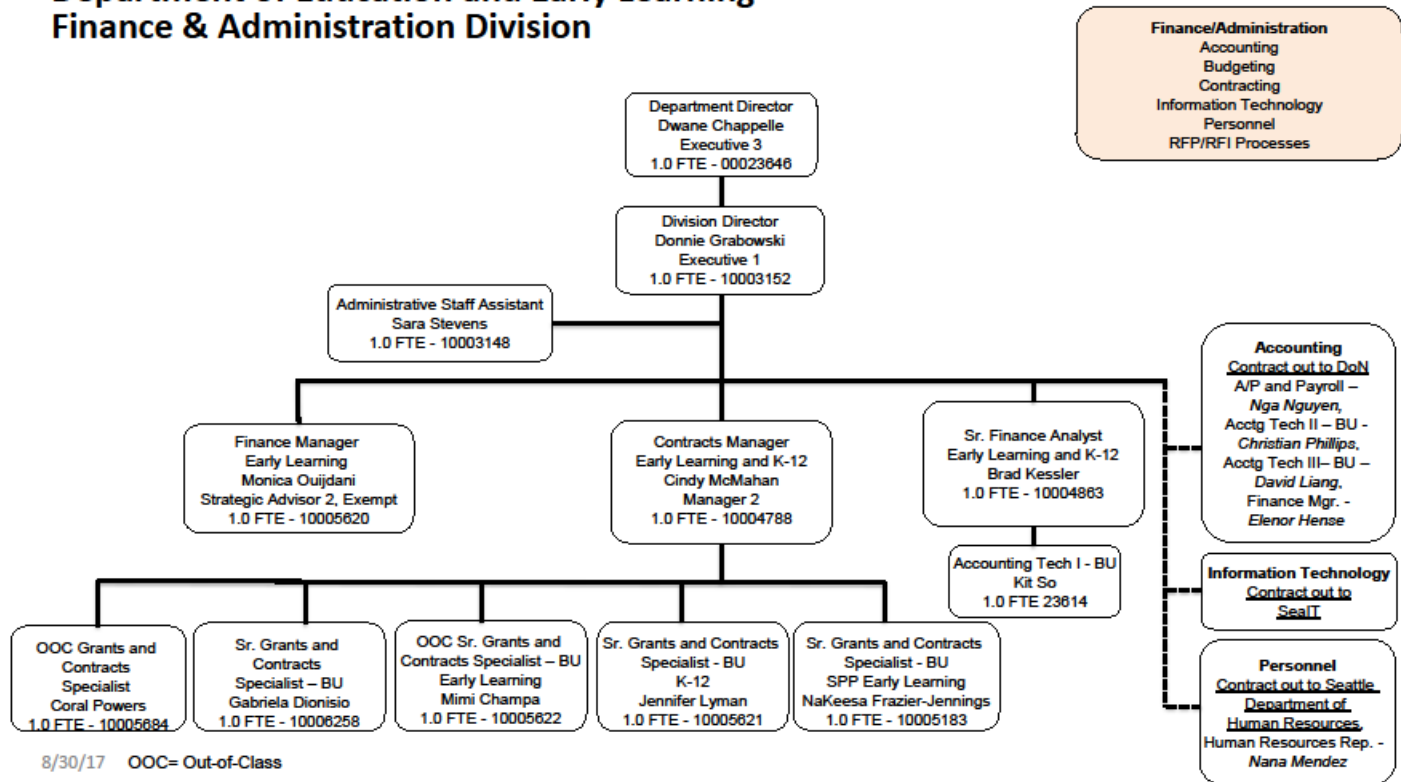
K-12
K-12 Investments
Health Investments
Research and Evaluation



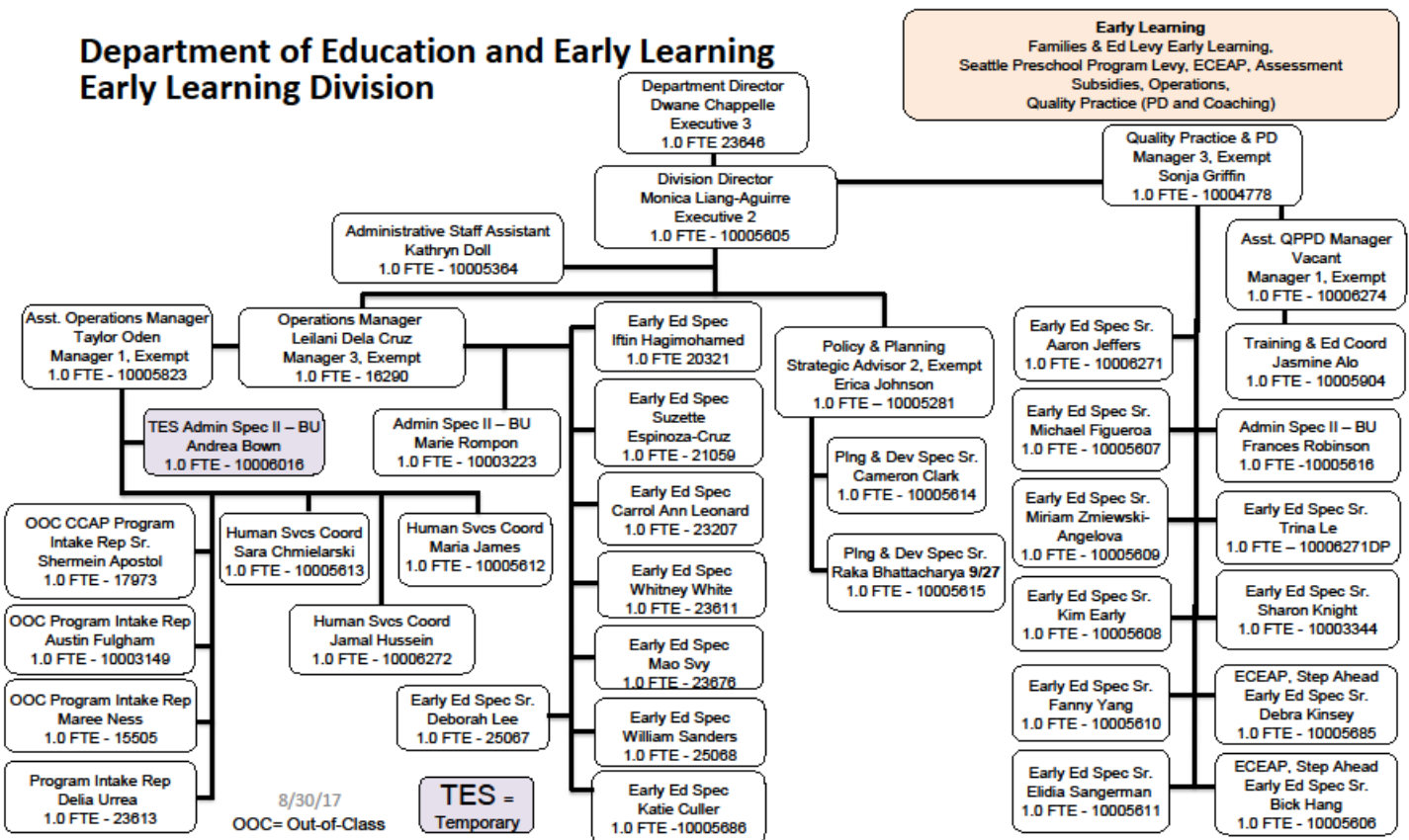
TES =
Temporary

8/30/17

Department of Education and Early Learning Finance & Administration Division



Department of Education and Early Learning Early Learning Division





Seattle Department of Education & Early Learning

Edward B. Murray, Mayor
Dwane Chappelle, Director

DATE: September 12, 2017

TO: Levy Oversight Committee

FROM: Dwane Chappelle, Director
Sid Sidorowicz, Deputy Director

RE: **Families and Education and Seattle Preschool Program Levy Renewal**

Historically, the objective of community outreach during the Levy renewal process has been to inform changes in priorities, implementation and scope for the next iteration of the Families and Education Levy (FEL). This current renewal cycle includes the Seattle Preschool Program, so there is a need for a bifurcated outreach plan. While the FEL is heading into its 20th year and brings with it some established practices, the Seattle Preschool Program is still in its infancy and extensive feedback from parents, teachers, providers and partners has been used to inform the programmatic overhauls necessary to successfully roll out universal preschool in the City of Seattle. During the demonstration phase, SPP has been gathering stakeholder input and making course corrections that need to be considered in the context of scaling up the program.

DEEL's overall approach is as follows:

K-12 - After significant community outreach before and after the Education Summit—in which the Department of Education and Early Learning in partnership with the Mayor's office held over 20 community meetings and 13 advisory group meetings – feedback from the community was packaged into recommendations which were presented to the Mayor in early 2017. These were contained in the Education Action Plan adopted by Council June 26. This Plan forms the basis for discussions about Levy renewal as it relates to K-12 and post-secondary programs.

SPP - Two years in to the "Demonstration Phase" of SPP, operating policies and procedures have been developed and implemented. Some have been adjusted to reduce administrative burden, meet the needs of the community, and/or more efficiently achieve their purpose. Providers and families have provided feedback throughout the past two years. To scale SPP using a mixed-delivery model, additional efficiencies will need to be considered. Therefore, outreach informing the Seattle Preschool Program component of the 2018 Levy will be more extensive and will delve more deeply into tactical and programmatic changes stakeholders would like to see.

DEEL is contracting with Soul Light consulting to facilitate and support outreach activities.

Outreach objectives:

- Reach back to participants in the Education Summit activities to assure them that their input from the Summit and the Education Action Plan will be used to refine the Levy proposal.
- Reach back to participants in the SPP Implementation Advisory Committee to get feedback on how effective DEEL was in implementing their suggestions.

- Solicit input from key stakeholders about how to improve the Families and Education Levy funded programs specifically to eliminate opportunity gaps.
- Solicit input from key stakeholders around process, logistics and improvements to effectuate efficient scaling of the Seattle Preschool Program.
- Gather community support to facilitate adoption of a Levy proposal by the incoming administration.

Tactics:

- Personal connection back to each member of the Education Advisory Group to inform them of the Levy development process and how their recommendations will be addressed.
- Mass communication to Education Summit participants offering them an opportunity to stay informed as the Levy is developed.
- Small group meetings with aligned constituencies (i.e., Seattle Public Schools Leadership, High School Principals, Middle School Principals, Preschool Providers, or Community Based Organization) focused on what needs to be changed or incorporated to eliminate opportunity gaps.
- Feedback sessions with primary SPP stakeholders.
- SPP focus groups with advocates, parents, and providers conducted by consultant group Soul Light.

Attached is a draft calendar DEEL has developed for the overall renewal process.

We propose holding a retreat with the Levy Oversight Committee in October or early November to discuss Levy renewal priorities. This will be an opportunity to share community input received by DEEL, review discussions DEEL staff have held with Seattle Public Schools regarding alignment of priorities, and receive LOC feedback on proposed options that will be presented to the incoming administration.

Note that we expect the City Council to adopt a Resolution guiding the renewal proposal they expect from the new Executive. Our goal is to receive LOC direction prior to the drafting of that Resolution.

| | JULY 2017 | AUGUST 2017 | SEPTEMBER 2017 | OCTOBER 2017 | NOVEMBER 2017 | DECEMBER 2017 | JANUARY – MARCH/JUNE 2018 |
|-----------------------|--|---|--|---|---|--|---|
| Mayor's Office | MO Approval of Outreach and Communications Plan | E-team – Levy options for consideration Mayoral Briefing – Initial input from the mayor on general direction for levy renewal with options presented. (Levy framework, outline, big picture directions) | E-team – Update on outreach; Feedback from SPS leadership and principals; Clarify/finalize levy messaging strategy Mayoral Briefing | E-team – Update on outreach Mayoral Briefing | E-team – Review of options for renewal, informed by outreach Mayoral Briefing | E-team – Final review of options for renewal Mayoral Briefing Brief/present options to incoming administration | Finalize options with incoming administration, write Ordinance |
| City Council | Outreach to City Council members, as directed by Executive | | | | Coordinate with City Council to draft and adopt a Resolution guiding the renewal proposal they want to see from the Executive | | Send Ordinance to Council for introduction and adoption |
| Stakeholders | Schedule meetings for August/September | DEEL directors connect with members of advisory groups (Education Summit, Seattle Preschool Program, Levy Oversight Committee, Our Best Advisory Group, Education Roundtable) to discuss Levy timeline, process, and priorities. DEEL directors and staff begin individual or small group meetings with aligned constituencies (SPS leadership, Principals, Levy partners, CBOs, SPP providers, etc.) to discuss current program and administrative strengths and challenges (thru 9/17). SL Consulting facilitates focus groups and surveys with SPP providers and families (and non-participants) to gather input on inclusivity and accessibility of programming and administrative processes. | | Levy Oversight Committee briefing on Levy timelines and outreach plan | Levy Oversight Committee retreat to review input and make recommendations | Loop back with August/September stakeholders with developments Request engagement and advocacy stakeholders with developments Loop back with August/September stakeholders with developments | |
| Public | Ongoing engagement of Ed Summit participants and public through print materials, website contact, and mass communication email newsletters (thru Nov '18) Create awareness around the need for investment in the target areas and promote appreciation and awareness for the work already being done by City funded investments | | | | | | Community meetings with education summit participants and public: Share information about levy renewal, including deadlines and processes – focus on influence of Education Summit/Action Plan in new levy and lessons learned from SPP 1.0 |