

BUDGET GAP SPS TALKING POINTS

The state's paramount duty is to fully fund education.

- The legislature's paramount duty in the state constitution is to fully fund public education.

The district has a projected budget deficit of over \$74 million for the 2017-18 school year.

- SPS will not be the only district impacted (e.g. Spokane, Snohomish, Renton, Puyallup). This is a statewide crisis.
- Because of the size of our budget and percentage of our levy used for compensation, our gap is the largest.

The budget deficit is due to the state's failure to fulfill its compensation obligations and premature reduction of our levy authority.

- This is a manufactured crisis.
- The state has been underfunding compensation for school district staff for 30 years.
- Seattle pays \$100M in compensation to make up the gap between the state's obligation and what it takes to provide basic education supports.
- \$41M of our gap is related in some way to compensation.
- The state's premature reduction of our local levy authority will result in another \$30M gap.
- The Levy Cliff will take effect unless the legislature acts by April 2017.
"The legislature will meet its full obligation by April 30, 2017 **OR introduce legislation that extends the current state levy policy for one year** with the objective of enacting such legislation by April 30, 2017." – 2016 State Budget Bill

The district must plan for worst case scenario budget in order to perform essential school and department planning for the 2017-18 school year.

- **The district will need to start implementing the worst-case scenario budget reductions if the state hasn't acted by February 28.**
- Waiting until June for the legislature to make budget decisions will be severely disruptive.
 - School budget allocations are scheduled to go out at the end of February.
 - Staffing commitments are due by May 15 per state law.
 - Some RIFs may be necessary due to budget shortfall.

The district hopes to mitigate impacts on classrooms to the greatest extent possible.

- Central office will take the most significant reduction – 5.3%
- Schools will take less – 4% will be reduced in the WSS allocation.
- Eliminating opportunity gaps is one key lens through which decisions will be evaluated.
- The budget gap is so large everyone will be impacted to some degree.
- The district is committed to educational excellence for every student.

We don't anticipate massive layoffs, but significant displacements and disruptions to schools and students.

- Typical school-based staff attrition is 200-300 positions per year.
- This is close to the number of positions we may need to reduce (200+).
- We expect most positions will be redistributed due to displacements.
- There may be RIFs/layoffs for specialized teaching, service and administrative areas.
- Displacements will result in school disruptions with teachers shifting all over the district.

- Displacements may result in larger class sizes.
- Displaced teachers will have jobs we just don't know where.

The district values our staff; we pay appropriate and competitive salaries; SPS is a great place to work.

- SPS provides fair and competitive salaries to attract and retain teachers.
- There is a teacher shortage. Right now we have 66 open teaching positions.
- The contract we negotiated with SEA is fair and reflective of neighboring districts.
- We don't pay the most and we don't pay the least. Our teacher salaries are in line with two state reports on salary compensation.
- Quality teaching matters – it is the most important factor in ensuring all students are thriving.
- SPS is committed to our students and educators.
- This crisis was not our doing – nor is it our choice. We are doing everything we can to address it.

This budget crisis was manufactured by the state and can be avoided; we are going to get through this together.

- While we have a legislative agenda, and are actively lobbying the state, we can't ask families and partners to advocate on our behalf.
- We need our partners and families to support us in ensuring stability for our students.
- These next few months may be painful.
- **It is critical we remain committed to our goal – excellence in education for Each and Every student.**
- We will get through this together.
- Thank you to the Seattle delegation for their support.

KEY BUDGET FACTS

- **Our projected gap is \$74.2M, 9.4 % of our budget.**
- **The \$74M gap can be bucketed in the following way:**
 - \$41M, Compensation – a state responsibility.
 - \$30M, Levy Cliff -reduction in our local levy authority (reduces by 4% to 33% in 2018)
 - \$3M, SPS Typical Functions (e.g., opening new schools, new option school). This component of our budget gap, in any other year, could be addressed through normal cost saving measures. But because of state inaction, we don't have the budget flexibility to address.

More on Compensation:

- Seattle pays \$100M in compensation to make up the gap between the state's obligation and what it takes to provide basic education supports. Our total in local levy funding annually is \$195M. More than half goes to compensation.
- 1/3 of all compensation is paid for by local levies. We pay for 3 of 10 educators.
- It is the state responsibility to fund COLAs, but since 2002 the state has only funded cost of living 7 out of 14 years. If the state simply caught up on all the missed COLAs, Seattle Public Schools would be receiving \$31M in additional state revenue. \$31M is almost half of our budget deficit.

More on the Levy Cliff:

- The state's premature reduction of our local levy authority will result in another \$30M gap.
- The levy reduction is focused in three areas: 4% reduction in levy lid (37% to 33%); ghost factor (see definition below) related to initiatives 728/732 - funding that the state should be providing; per pupil inflator.
 - Our current levy authority allows us to tax ourselves up to 37% of our state and federal revenue. So, if our revenues are \$100, we can raise an additional \$37 giving us \$137 for serving our students.
 - In 2017-18 the state, despite not addressing full funding of education, is reducing this to 33%. Because our budget is so large, this is a significant cut to the district.

- The ghost factor reflects that state's ongoing practice of letting us pay their bills. For example, for voter approved initiatives (728 and 732) because the state didn't have the funds, they adjusted the local levy formula so we could ask voters to backfill state obligations with local dollars. They haven't addressed the initiatives or taken back the bills but they are reducing our ability to raise the money. This also contributes to the \$30M gap.
- Finally, each year it costs more to educate students. The state isn't paying for the expected difference from year to year. And again, they are restricting our ability to raise these funds locally.
- **The 2016-17 operating budget is \$789.7 million**
 - Teaching, teaching support and school leaders account for 77.9% (approx. \$615 million)
 - Student support activities account for 16.1% (approx. \$127 million)
 - Central administration accounted for 5.9% (approx. \$46 million).

To learn more visit: www.seattleschools.org (budget button in the top right hand corner. Webpage includes presentations, talking points and resources).

Hashtags: #fullyfund, #WAEDU, #DoNoHarm, #IamtheParamountDuty