

DEEL Levy Oversight Committee

AGENDA

Tuesday, September 13, 2016

4:00 – 5:30 p.m.

Boards and Commissions Room L280, City Hall

600 4th Avenue

Welcome and Introductions	Dwane Chappelle
Review and Approve 5/10/16 Minutes	Dwane Chappelle
Review Agenda	Dwane Chappelle
Review of DEEL Revenues and Expenditures	Donnie Grabowski
SPP & Early Learning Update	Monica Liang-Aguirre
Thank You and Adjourn	Dwane Chappelle, All

Attachments

Draft minutes from 5/10/16 meeting

DEEL Organization Overview and Budget Briefing Memo

SPP Status Update Presentation

Next Meeting

October 11 SPP Site Visit (location & time TBA)



DRAFT



DEEL LEVY OVERSIGHT COMMITTEE
Tuesday, May 10, 2016

MINUTES

MEMBERS PRESENT: Rick Burke, Greg Wong, Sandi Everlove, Hueiling Chan, Allison Wood, Larry Nyland, Cristina Gonzalez.

OTHERS PRESENT: Sid Sidorowicz (DEEL), Kathryn Aisenberg (DEEL), Dwane Chappelle (DEEL), Dana Harrison (DEEL), Kacey Guin (DEEL), Waslala Miranda (CBO), Brian Goodnight (Council Central Staff), Sarah Wilhelm (PHSKC), Jennifer Samuels (CP Bruce Harrell's Office).

Dwane Chappelle called the meeting to order. Introductions were made and the minutes from the April 19 LOC meeting were approved.

D. Chappelle asked the group to read an excerpt from a recent Seattle Times article on the black-white achievement gap in Seattle Public Schools and to discuss with a partner barriers to reducing that gap in Seattle.

Sid Sidorowicz presented on the 2015-16 Mid-Year Report.

S. Sidorowicz noted that several questions had come up recently regarding family support services in the schools. Per the 2011 Levy Implementation plan, funds for family support services would shift each year from SPS central office to going directly to schools, with the goal of all family support funds controlled by the schools by the end of the Levy. Greg Wong asked what choices schools were making regarding family support services.

S. Sidorowicz said that some schools were choosing to staff a family support position through SPS, and others chose to partner with community-based organizations (CBOs) to provide supports. Dana Harrison said that schools were making decisions based on the needs of their students, and that family support services integrated into each school's overall plan. G. Wong asked if there were any concerns at this point about family support service implementation. D. Harrison said not at this point and that plans for the 2016-17 school year were currently being reviewed.

Sandi Everlove asked what data were being used to determine effectiveness of services. D. Harrison said that process metrics such as number of referrals, relationships with CBOs, school climate and family surveys, as well as student-level metrics such as attendance and academic performance were all considered. Rick Burke asked if there was any difference in staff deployed centrally vs. being school-based and if a position might serve multiple schools. D. Harrison stated that the nature of the family support work, which is largely based on relationships, is typically best located at the school level where a strong presence and knowledge of the school community, culture and dynamic can be leveraged.

R. Burke asked if a position providing family support services had to be full time. D. Harrison said no, the position varies, based on school choice.

D. Harrison provided a mid-year overview of elementary school investments.

S. Everlove asked if we were seeing changes in practice, based on the professional development (PD) and professional learning communities (PLCs). D. Harrison said that a PLC for Levy coordinators this year has focused on increasing the strategic use of data, and schools are showing more evidence of data use in their practice. R. Burke asked how knowledge from Levy-funded PD is shared with a broader audience. D. Harrison said that this year, schools that do not receive Levy funds were invited to participate in PD opportunities, including the Tools of the Trade conference, and that the event had been so successful they were planning for another conference this year, to include more SPS staff. R. Burke asked if resources from the conference were available. D. Harrison said that resources were provided at the conference and most schools had modified them to fit their specific needs. Larry Nyland asked how we might mine the data to determine what is working, so we can replicate it. D. Harrison said that much of the Levy implementation work is focused on putting effective systems and structures in place, so that the work is not dependent on any one individual.

Kathryn Aisenberg asked if materials from the Tools of the Trade Conference, and/or other similar PD, could be housed in an online system for sharing documents so Levy-funded and non-Levy funded schools attending could access at a later date. D. Harrison indicated efforts were made to partner with SPS on this using their new Schoology learning management system, but district staff was not yet prepared to collaborate in this way. S. Everlove said it was important to collect information on how practices learned at conferences are being implemented and to check back in on them over time. D. Harrison said that the PLCs are one way to serve this purpose, as they meet regularly and discuss implementation successes and challenges. R. Burke asked if SPS leadership was involved in Tools of the Trade work. D. Harrison said that SPS leadership/central office staff were always invited, but that participation rates varied.

G. Wong asked about the mid-year data summary sheet, and what caused the drop at Emerson Elementary. D. Harrison noted that this was Emerson's first year of Levy funding and that the school experienced a change in leadership from their RFI writing year to their first year of implementation. She said you could also see clear connections to strategies and successes in the data, noting Sandpoint's focused attendance strategy that resulted in exceeding their performance target. G. Wong asked how we mitigate changes in school leadership. D. Harrison said that we ask principals applying for Levy funds to commit to staying through the first year of implementation. L. Nyland noted this issue came up in the current year, and that Sandpoint had broader staff buy-in, so the plan was able to be implemented with good results. He noted that DEEL needed to consider the circumstances of principal change. D. Chappelle noted that SPS principal training is robust enough to weather an administrative change, if there is buy-in of the existing staff. L. Nyland said that SPS had a very robust three year training and support for incoming principals. S. Everlove noted the importance of the LOC ensuring that Levy funds are spent in the most effective way and there is a need for assurance that the plans can be executed if a leadership change occurs.

Kacey Guin reviewed mid-year highlights of the Middle School Investments.

S. Everlove asked who the Empowerment Math Project point person was from UW. K. Guin said Anita Lenges. G. Wong asked why Denny, who has had consistent leadership, had a significant drop in attendance. K. Guin said there was not an obvious explanation. K. Aisenberg noted this is the 1st full year schools are operating under the new attendance calculation, so that could influence the data. She said that attendance is an indicator, and what we'll really want to connect it to is the academic outcomes data we get at the end of the year. K. Guin said that all schools were knocking it out of the park on passing core courses, but there are lots of Ds and huge opportunity gaps among students receiving Ds. Given these gaps, next year we will be applying a more rigorous metric of C or better. G. Wong said as the Washington Middle School parent, he had the opportunity to participate in the Levy-funded student led conferences, and it was a great experience for families and students. He also noted his student's excitement about a particular college, after a teacher shared her college story with students, so upping the conversation about college and career readiness seems to be working in middle schools.

K. Guin reviewed mid-year highlights of the High School Investments. She noted that the C or better performance metric shift is going to be difficult for schools, but having a more rigorous measure is an important course correction. R. Burke asked about the criteria for selecting students served by College & Career Readiness Case Management. K. Guin said that College Bound Scholars "at greatest risk", due to high absenteeism, not passing courses, or perhaps discipline are identified, and that schools ultimately determine which students to serve, based on these risk factors.

D. Chappelle provided an update of the Mayor's Education Summit. Allison Wood asked if the attendees at the Summit mirrored the turnout at the Community Conversations. D. Chappelle said that the summit had a good turnout, but the demographics of the attendees differed than those at the Community Conversations. S. Sidorowicz said that Summit participants did fill out demographic information cards, but the information hadn't been compiled yet. S. Everlove asked if there a focus on real world work experiences in the Community Conversations. S. Sidorowicz said there was a combination of career exploration, internships, job shadowing, etc. L. Nyland asked if there was anything surprising from the Community Conversations, noting the common thread of affirming and valuing students' race and culture. S. Sidorowicz said there seemed to be more talk about what participants wanted to achieve rather than all about criticism. G. Wong noted that the general themes were very familiar and wondering what was going to be new about this conversation. Cristina Gonzalez asked if there was going to be funding available to address these issues. S. Sidorowicz said there wasn't yet a clear answer to either question, but that the Mayor's Education Advisory Group was using the information to guide their discussions and inform their recommendations to the Mayor. D. Chappelle said that one thing that was consistently mentioned was valuing students and their culture. C. Gonzalez said it would be interesting to think about asking students their opinion and valuing their input. D. Chappelle said students hosted three of the community conversations and that was a theme that came up. G. Wong inquired again about funding, noting that the Mayor's Education Advisory Group process looked similar to the Levy renewal process and said that if this was meant to inform the next Levy, he would

encourage staff to ensure decision makers look at current Levy priorities and to build off the good work that has already been done, and not undo it. R. Burke asked about the process of the Advisory Group, and hoped that they would do a root cause analysis of the issues, rather than focus on the symptoms. S. Everlove wanted to echo C. Gonzalez, saying we can come up with our own interpretation of what the common threads mean, but need to vet with the students themselves, or we may get it wrong. L. Nyland noted the work SPS had done to determine practices used in high performing outlier schools and wondered if students in those schools answer school climate questions differently in the than they do in the non-outlier schools. G. Wong asked if all the outlier schools get Levy funding. S. Sidorowicz said many, but not all. L. Nyland thanked the City for its work on the Summit and noted that the district will be able to use the information to tweak the work they are already doing.

Meeting was adjourned at 5:31 pm.



Seattle Department of Education & Early Learning

Edward B. Murray, Mayor
Dwane Chappelle, Director

DATE: September 13, 2016

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 new Department of Education and Early Learning (DEEL), DEEL's 2017-18 Proposed Budget, and a financial overview of both the Families and Education Levy (FEL) and Seattle Preschool Program (SPP) Levy. The 2017-18 Proposed Budget is expected to be introduced by the Mayor on Monday, September 26. DEEL was recently 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).

DEEL includes three divisions and a new proposed School Age K-12 division beginning in 2017:

- 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) Finance and Administration Division: Includes the Finance Director, and finance, contracting, and accounting staff who support the entire 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.
- 4) New Proposed School Age 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 are housed in the Director's Office Division.

II. DEEL 2017-18 Proposed Budget

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

Table 1: DEEL 2017-18 Proposed Budget by Division

DEEL Division	2017 FTEs*	Programs	2017 Budget (Millions)	% of Total DEEL Budget	2018 Budget (Millions)	% of Total DEEL Budget
Director's Office	9.5	<ul style="list-style-type: none"> DEEL Outreach DEEL Data Management 	\$2.4	4%	\$1.5	2%
Early Learning	34.0	<ul style="list-style-type: none"> FEL Early Learning SPP CCCP CCAP ECEAP (Washington State grant) NFP Professional Development (GF) 	\$32.9	51%	\$40.2	55%
Finance and Administration	10.0	<ul style="list-style-type: none"> Budget Financial oversight/monitoring Contracting (HR, accounting, and IT support is outsourced) 	\$2.7	4%	\$2.9	4%
K-12 (Proposed)	5.0	<ul style="list-style-type: none"> FEL K-12 FEL Health 	\$26.6	41%	\$28.3	39%
Total	58.50		\$64.6	100%	\$72.9	100%

*For more information about 2016 DEEL FTEs, the DEEL departmental organization chart is attached (Attachment 1).

Table 2: DEEL 2017-18 Proposed Budget by Fund Source

Fund Source	Programs by Fund Source	2017 Budget (Millions)	% of Total DEEL Budget	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 	\$38.3**	59%	\$40.9**	56%
Seattle Preschool Program Levy*	<ul style="list-style-type: none"> School Readiness Program Support Capacity Building Research & Evaluation Administration Contingency 	\$14.0***	22%	\$20.6***	28%
State ECEAP	<ul style="list-style-type: none"> State ECEAP-funded preschool 	\$3.9	6%	\$3.9	6%
General Fund	<ul style="list-style-type: none"> CCCP CCAP NFP 	\$8.4	13%	\$7.5	10%

	<ul style="list-style-type: none"> Professional Development for CCCP and Family Child Care Providers Education Summit Implementation (2017) 				
Total		\$64.6	100%	\$72.9	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 is expected 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 2015, the 2011 Levy's actual revenue was lower than the original estimate by approximately \$207,000. The collection on property tax revenue exceeded estimates by \$90,000 (100.3%) but the collection on investment earnings were lower than estimates by \$297,000 (67%). 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. Though we are in the middle of the 7-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 7-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					\$129,323
% of Estimate Collected	99.7%	99.7%	100.2%	100.3%					
Excess (shortfall)	(\$83)	(\$100)	\$81	\$89					(\$13)
Estimated investment earnings	\$264	\$573	\$682	\$908	\$895	\$811	\$664	\$77	\$4,874
Actual investment earnings	\$99	\$239	\$427	\$611					\$1,376
% of Estimate collected	37.7%	41.7%	63%	67%					
Excess (Shortfall)	(\$165)	(\$334)	(\$255)	(\$297)					(\$1,051)
Total Excess (Shortfall)	(\$248)	(\$434)	(\$174)	(\$208)					(\$1,064)

* The cost to an owner of a home of median assessed residence value (\$427,000) was approximately \$97.72 in 2015.

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

2016 Mid-Year Revenue

As of June 2016, a total of \$17.8 million or 54% of the 2016 estimated 2011 Levy property tax (\$33.2 million) had been collected, leaving a balance of \$15.4 million to be collected. A total of \$455,000 or 51% of the 2016 estimated 2011 Levy investment earnings (\$895,000) had been collected, leaving a balance of \$440,000 to still be collected.

Fund Cash Balance

The 2011 Levy fund balance as of June 30, 2016 was \$21,002,000.

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; summer learning elementary programs continue to ramp up through the 2018-19 school year and through the 2017-18 school year for summer learning middle school. The first school year funded by this levy is 2012-13 and the final school year is 2018-19. Calendar Year 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	\$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 2012-2013. Table 5 below shows the percentage of program budgets expended in 2012-2015.

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 2015 and 2016 expenditures are expected to increase in some programs as final payments for 2015-2016 contracts are made by the fall of 2016.
- The 2016 expenditures will increase once 2016 spending starts on 2016-2017 school year contracts.
- The 2016 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 08/11/16

Category	2012	2013*	2014	2015	2016	2017	2018	2019
Early Learning	99.8%	85.8%	88.6%	86.1%	30.4%			
Elementary	99.9%	91.9%	96.7%	88.9%	15.3%			
Middle Schools	98.7%	69.6%	91.7%	79.3%	16.0%			
High Schools	99.3%	59.8%	91.1%	88.1%	16.0%			
Health	99.5%	97.7%	99.3%	99.2%	18.7%			
Administration	78.2%	76.3%	78.1%	96.3%	40.2%			
Evaluation**	84.9%							

*Reflects \$1.5 million expenditure transfer to 2004 Levy in 2015. This contingency fund will help offset any shortfalls over the 7-year revenue collection period.

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

IV. Seattle Preschool Program Financial Overview

Revenue Update

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 to be collected	\$14,286	\$14,441	\$14,476	\$14,506	\$326	\$58,037
Actual property taxes	\$14,392					
% of Estimate collected	100.7%					
Excess (shortfall)	\$106					

2016 Mid - Year Property Tax Revenue

As of June 2016, a total of \$7.7 million or 54% of the 2016 estimated SPP Levy property tax (\$14.4) had been collected, leaving a balance of \$6.7 million to be collected. In addition, \$115,000 in investment earnings had been collected.

Property Tax Fund Cash Balance

The SPP Levy fund balance as of June 30, 2016 was \$8,352,822.

Other Revenue Overview

The original SPP Levy plan assumed \$23.4 million in other revenues from tuition, other public agencies, and FEL funds - in addition to \$58.0 million in property taxes. These revenues are discussed below and summarized in Tables 7 and 8.

Tuition

In 2015-16 SPP collected tuition from approximately 20% of its enrolled students; this number is 12% lower than the percentage projected by the financial model (see Table 7 below). Of those who paid tuition, the average per-student tuition was \$1,162 lower than projected. The combination of fewer paying students and lower tuition amounts resulted in loss of revenue in the amount of -\$228,237. SPP was able to absorb this revenue loss due to lower provider payments associated with staff education levels. With the recently approved increase in provider payment amounts and projected improvement in teacher education levels, it is unlikely that SPP could absorb future losses in tuition revenue. The recommended revised classroom ramp-up schedule noted in the next section (Table 10) accounts for the expected lower tuition payments.

Table 7: 2015-16 Student Tuition Collection Analysis

Tuition Category	Budgeted	Actual	Difference Actual- Projected	% of Budgeted
Tuition Collection Amount	\$422,579	\$194,342	-\$228,237	46%
% Delinquent	0%	2%	2%	N/A
# Students Enrolled	280	272	(8)	97%
# Students Paying Tuition	90	55	(35)	61%
% Students Paying Tuition	32%	20%	-12%	63%
Average Tuition per Student	\$4,695	\$3,533	-\$1,162	75%

Other Public Funds

In addition to property taxes and tuition collection, SPP also relies on other public funding sources to offset its costs¹. In 2015-16, DEEL indirectly received \$817,230 in revenue offsets from these other funding sources. However, this amount represents only 57% of the total projected, leaving a shortage of -\$500,000. The reason for the shortage is due to the fact that SPP did not enroll as many Head Start, ECEAP, Working Connections, or Step Ahead students as anticipated. With the enrollment of fewer students in these categories, associated revenues also declined. As with the tuition shortage, SPP was able to absorb the shortfall due to lower provider payments associated with staff education levels. With the recently approved increase in provider payment amounts and projected improvement in teacher education levels, it is unlikely that SPP could absorb a repeat of year one's revenue losses. Fortunately, this trend appears to be reversing in 2016-17 as DEEL was able to recruit more students who receive funding from by ECEAP, Head Start, and FEL Step Ahead conversions.

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), and the Families and Education Levy (Step Ahead slots converted to SPP)

Expenditure Update

Planned Expenditures

Planned expenditures for the SPP Levy are noted in Table 8 below. The Seattle Preschool Program Levy expenditures are estimated at \$79.7 million, or \$81.4 million if the contingency is expended. The 4-year Seattle Preschool Program Levy is expected to receive \$58.0 million in property tax revenue and \$23.4 million from other funding sources. Funds will be invested over 5 calendar years (2015-2019) to fund SPP from the 2015-16 SY through the 2018-19 SY. The 2019 budget represents eight months of expenditures (January through August 2019).

Table 8: Seattle Preschool Program Expenditure Plan

SPP LEVY EXPENDITURES:	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	60%
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%
TOTAL EXPENDITURES:	\$5,274,179	\$10,874,819	\$17,449,950	\$25,578,664	\$20,544,891	\$79,722,504	100%
REVENUES:							
Parent Tuition*	\$140,860	\$683,367	\$1,541,202	\$2,554,823	\$2,158,020	\$7,078,272	30%
Head Start	\$42,137	\$170,537	\$304,969	\$445,646	\$361,514	\$1,324,802	6%
ECEAP	\$80,041	\$323,940	\$579,297	\$846,517	\$686,706	\$2,516,502	11%
FEL Step Ahead	\$177,707	\$721,659	\$1,297,670	\$1,892,597	\$1,524,477	\$5,614,111	24%
FEL Leveraged Funds	\$113,533	\$447,855	\$765,035	\$1,086,811	\$879,798	\$3,293,031	14%
Working Connections Child Care (WCCC)	\$41,632	\$164,767	\$283,446	\$400,014	\$318,259	\$1,208,117	5%
Child Care Assistance Program (CCAP)	\$16,880	\$65,212	\$107,297	\$134,230	\$90,882	\$414,500	2%
Child and Adult Care Food Program (CACFP)	\$38,383	\$186,212	\$419,965	\$696,168	\$588,042	\$1,928,770	8%
Total:	\$651,174	\$2,763,549	\$5,298,880	\$8,056,805	\$6,607,697	\$23,378,106	100%
Difference (Net Program Cost)	\$4,623,006	\$8,111,271	\$12,151,070	\$17,521,858	\$13,937,194	\$56,344,398	
+ 3% Contingency	\$138,690	\$243,338	\$364,532	\$525,656	\$418,116	\$1,690,332	
TOTAL (SPP LEVY):	\$4,761,696	\$8,354,609	\$12,515,602	\$18,047,514	\$14,355,310	\$58,034,730	

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

Actual Expenditures

In 2015, SPP began its first year of implementation. The primary focus of Year 1 was to provide preschool slots to City residents. The result of this effort is seen in the amount of spending under the School Readiness category in Table 9 below (92%). The other spending categories show less spending 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 ramps up these support activities.

Table 9: 2015-2018 Percentage of Seattle Preschool Program Levy Budgets Expended as of 08/30/16

SPP Expenditure Category	2015	2016	2017	2018
School Readiness	92.0%	73.5%		
Program Support	66.9%	28.6%		
Capacity Building	6.1%	6.3%		
Research and Evaluation	66.2%	59.6%		
Administration	93.9%	66.4%		
Contingency	0%	0%		

Seattle Preschool Program Levy Financial Implementation Updates

1) SPP Payment Model Modifications

After the first year of SPP implementation, DEEL learned a lot about the SPP program’s financial impact on participating providers. Approximately half of providers reported that the SPP payment levels were inadequate to cover costs. DEEL staff interviewed providers and collected financial information to learn the true cost of operating an SPP classroom, and discovered that the SPP financial model didn’t adequately reflect provider costs, which impeded the provider recruitment process. In June, DEEL recommended the following changes to the Mayor’s Office:

- 1) Change the current payment structure (based on multiple levers and payment variables) to a fixed payment model according to slot type (ECEAP, Head Start, Step Ahead, or SPP-only student).
- 2) Increase the slot payment amounts and round to whole numbers.
- 3) Various technical changes to help offset the cost of the proposed payment increase and further simplify the calculation of payments.

The Mayor’s Office approved these financial changes for the 2016-17 school year. DEEL is confident that it will result in more easily recruiting preschool providers to meet future classroom expansion targets. However, these changes will result in a modification to the original SPP classroom expansion target schedule. Table 10 below shows the original ramp-up schedule and the revised one.

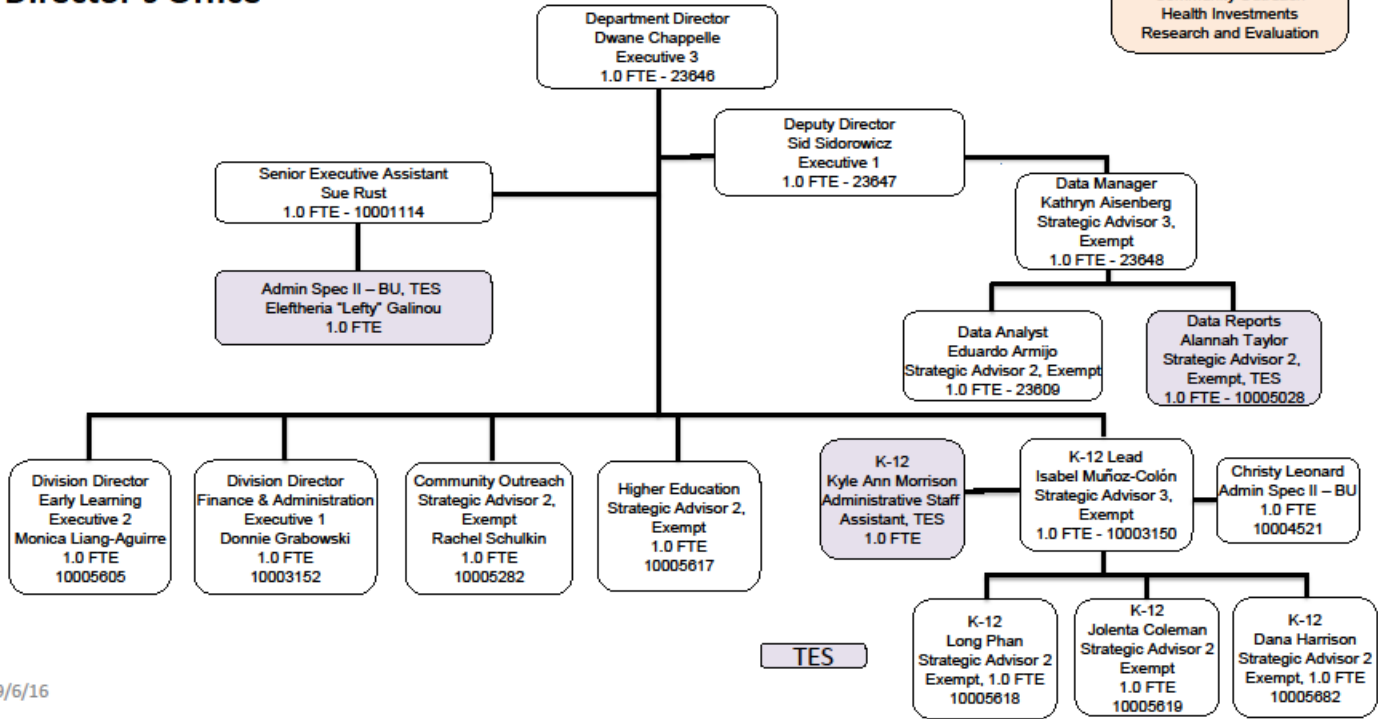
Table 10: 2015-16 to 2018-19 SPP Student Enrollment Ramp-Up Schedule

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

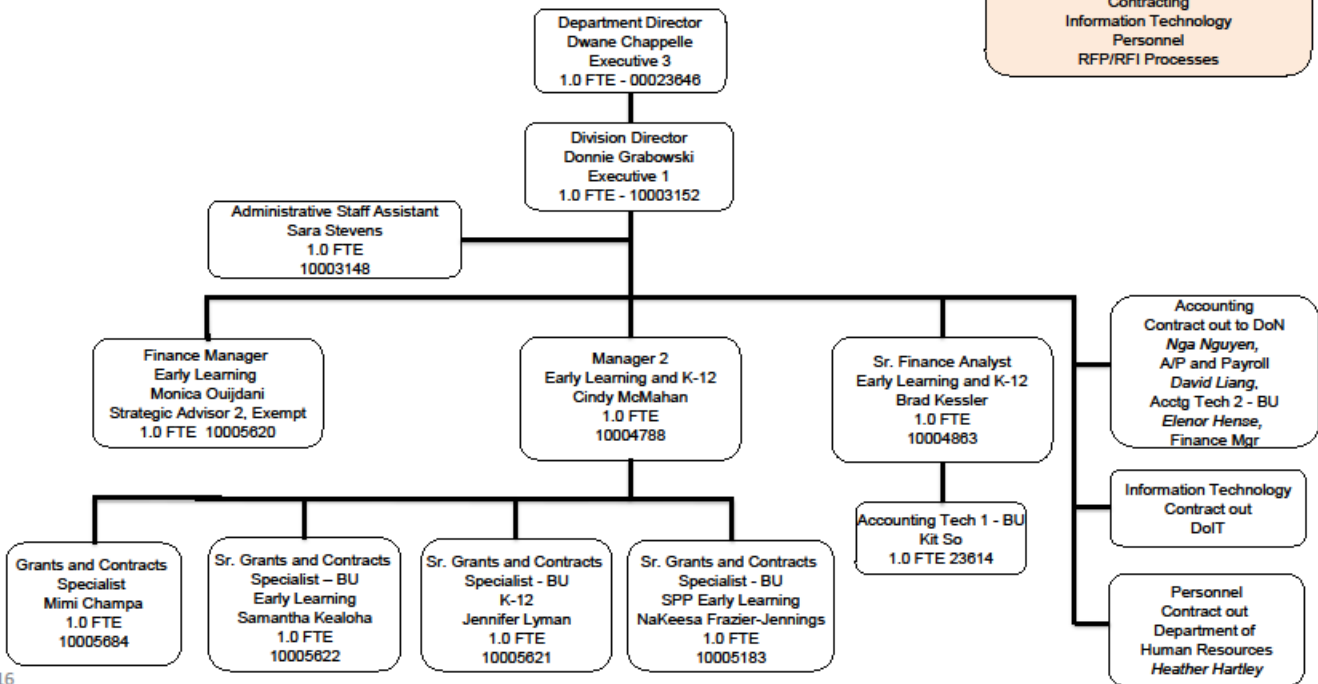
Director's Office Oversight – all divisions
K-12 Investments
Higher Education
Community Outreach
Health Investments
Research and Evaluation



9/6/16

Department of Education and Early Learning
Finance & Administration Division

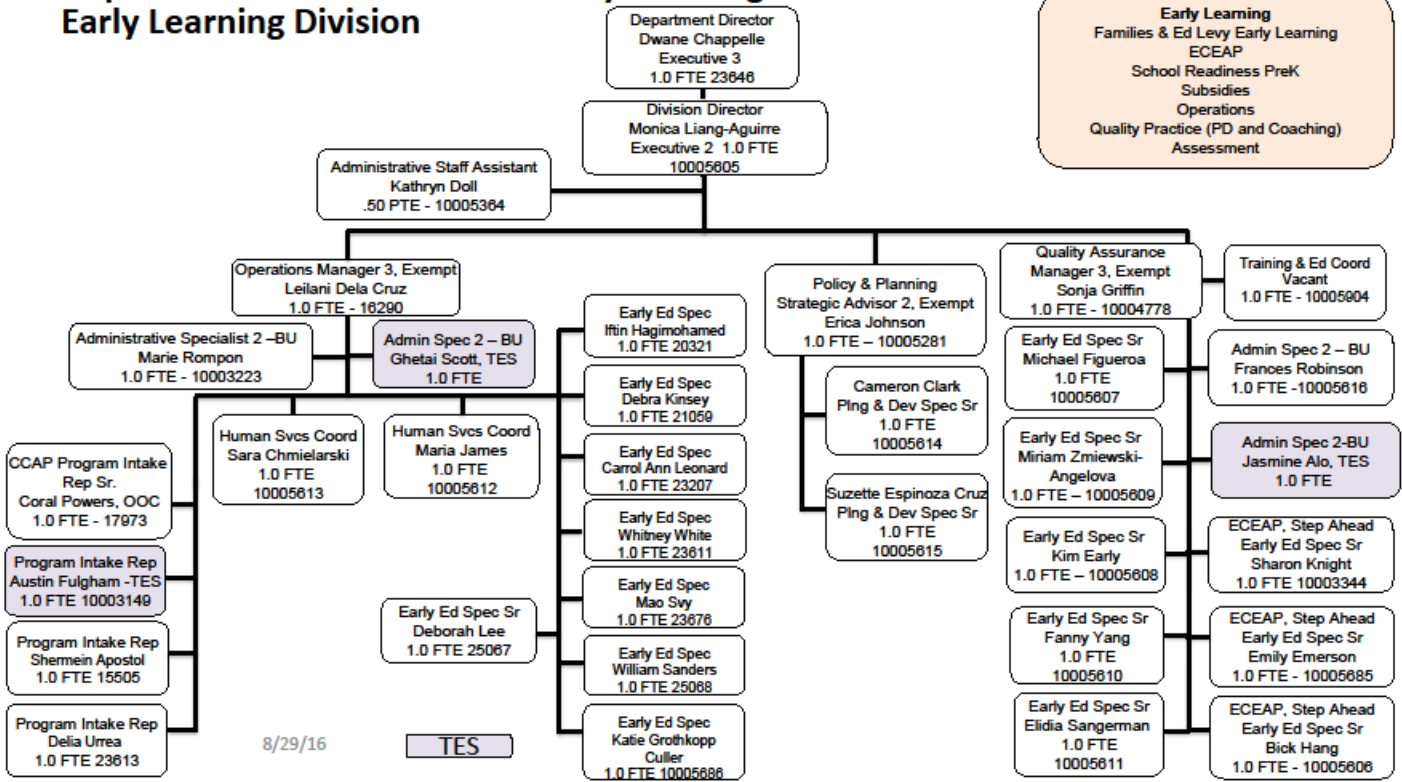
Finance/Administration Accounting
Budgeting
Contracting
Information Technology
Personnel
RFP/RFI Processes



8/29/16

Department of Education and Early Learning Early Learning Division

Early Learning
Families & Ed Levy Early Learning
ECEAP
School Readiness PreK
Subsidies
Operations
Quality Practice (PD and Coaching)
Assessment





SEATTLE PRESCHOOL PROGRAM

LEVY OVERSIGHT COMMITTEE STATUS UPDATE

Seattle Department of Education
and Early Learning
September 13, 2016

AGENDA

- ❖ SPP Years 1 & 2
- ❖ Continuous Quality Improvement
- ❖ Program Supports
- ❖ Looking Ahead



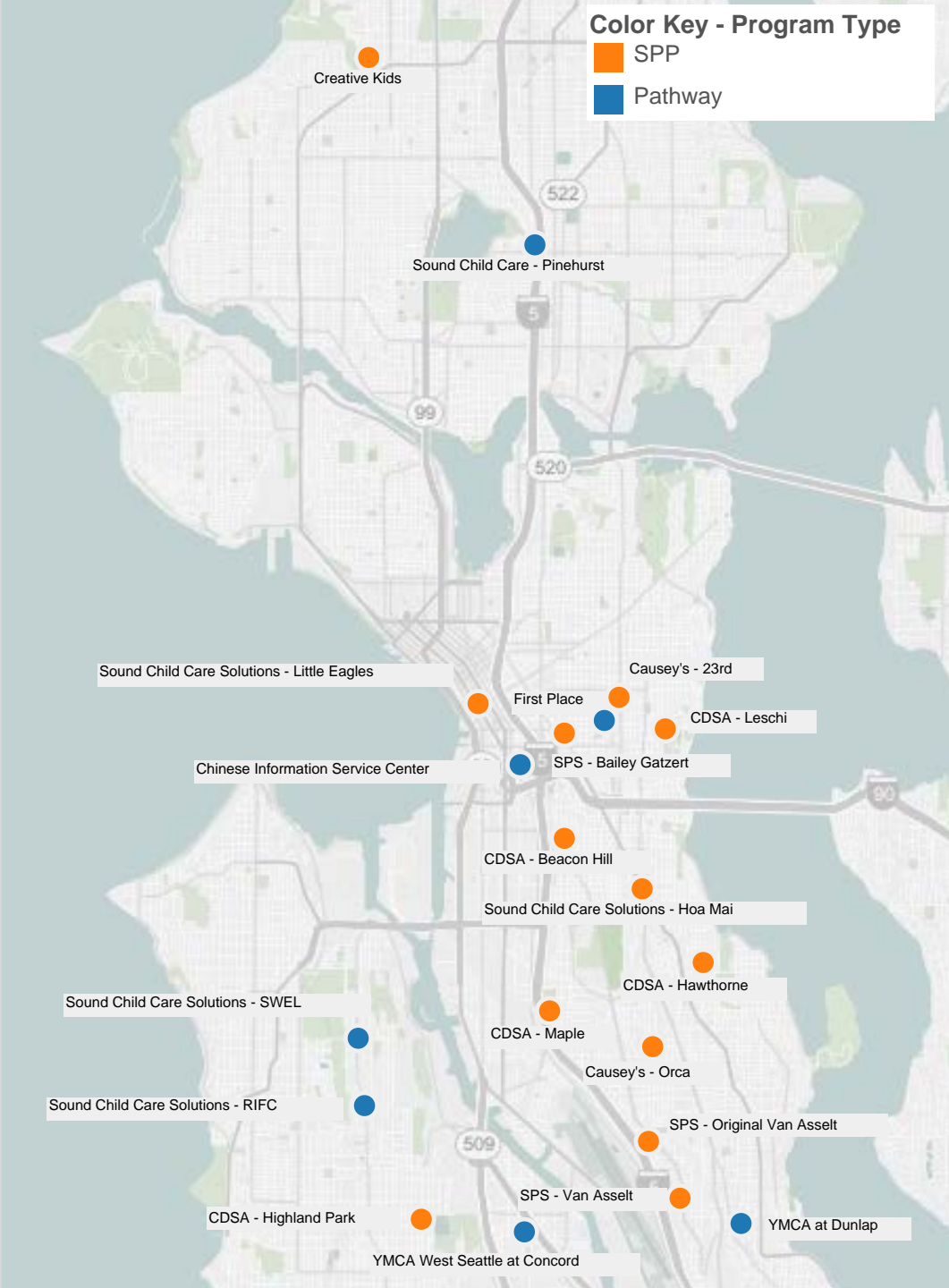
SPP YEARS 1&2



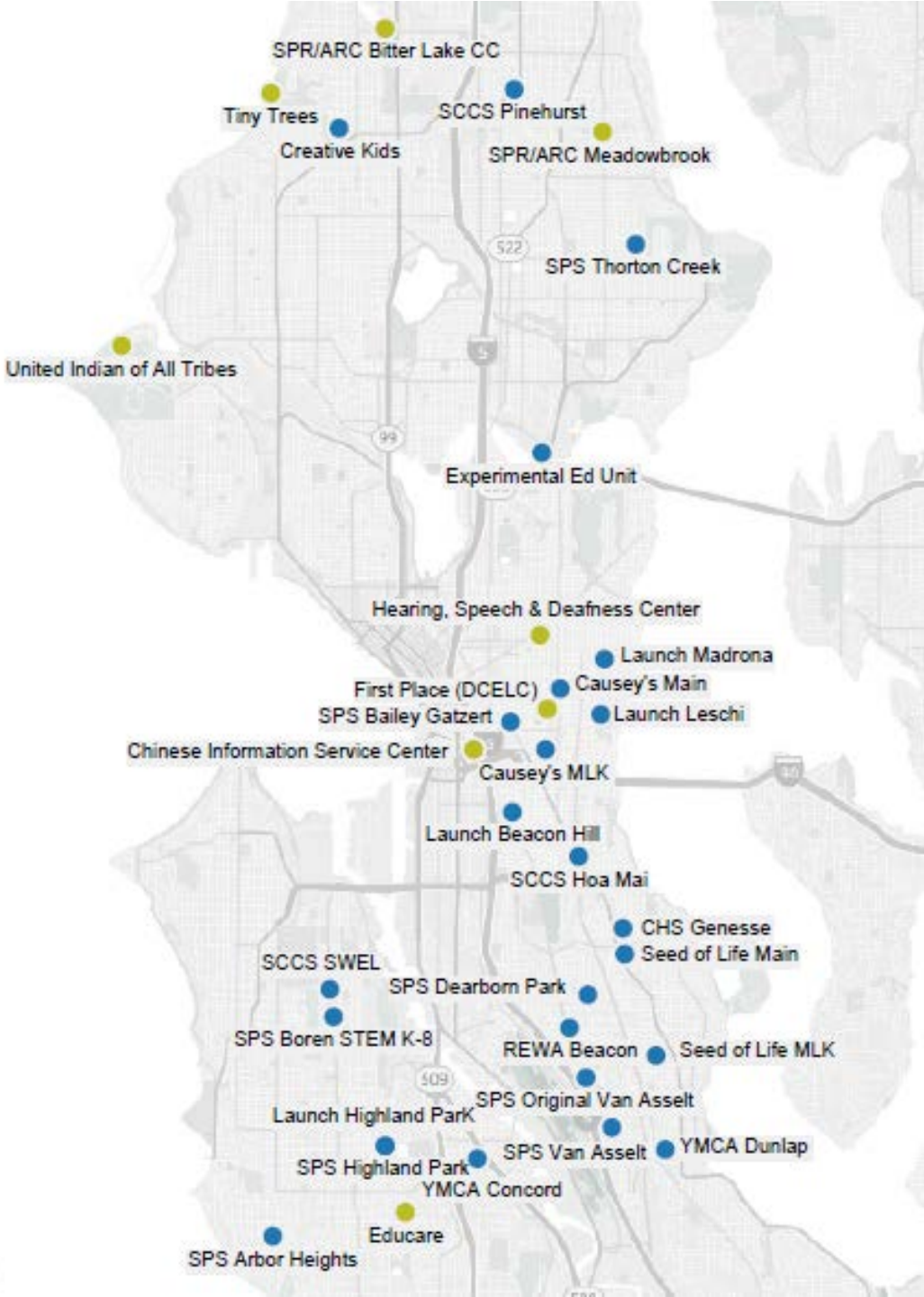
SPP EXPANSION

Year 1 2015-2016	Year 2 2016-2017	Change from Year 1 to Year 2
5 Agencies	10 Agencies	+100%
13 Sites	25 Sites	+92%
15 Classrooms	32 Classrooms	+113%
Serving 236 Children	Serving 601 Children	+154%

SPP & PATHWAY SITES 2015-16



SPP & PATHWAY SITES 2016-17



Key: Program Type
■ Seattle Preschool Program
■ SPP Pathway

REVISED EXPANSION TARGETS

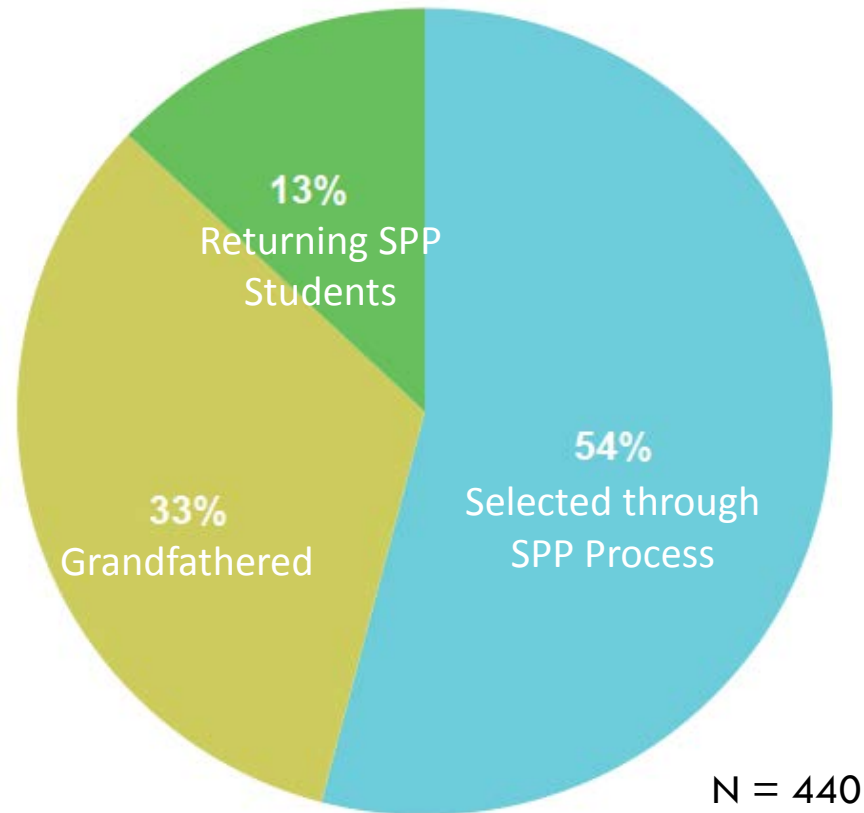
Year	Action Plan Ramp-Up Schedule		New Revised Ramp-Up Schedule	
	Classrooms	Students	Classrooms	Students*
2015-16	14	280	15	280
2016-17	39	780	29-33	551-627
2017-18	70	1,400	53-60	1,007-1,140
2018-19	100	2,000	75-85	1,425-1,615

*Number of students is calculated using SPP's first-year average classroom size of 19 students per classroom.

**The range in the new SPP Expansion targets represent 75-85% of the original action plan targets.

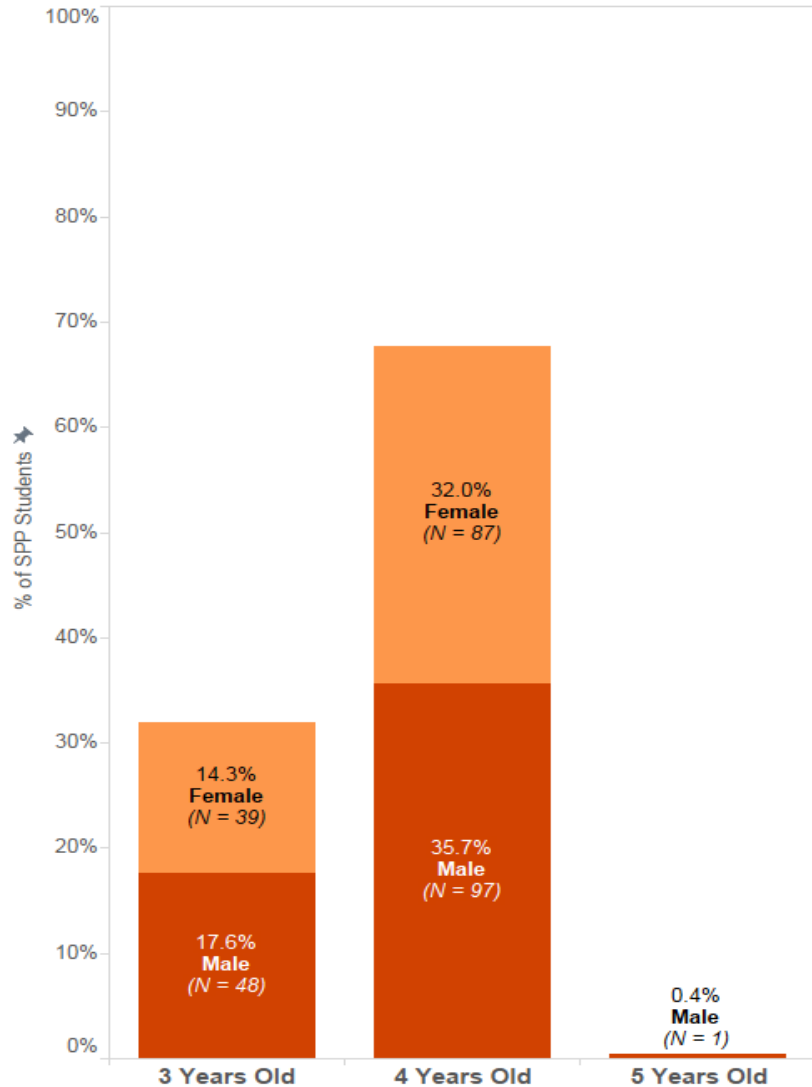
ALLOCATION OF SPP SEATS — YEAR 2

As of September 6, 2016, SPP enrollment has reached **440 students** for the 2016-17 School Year



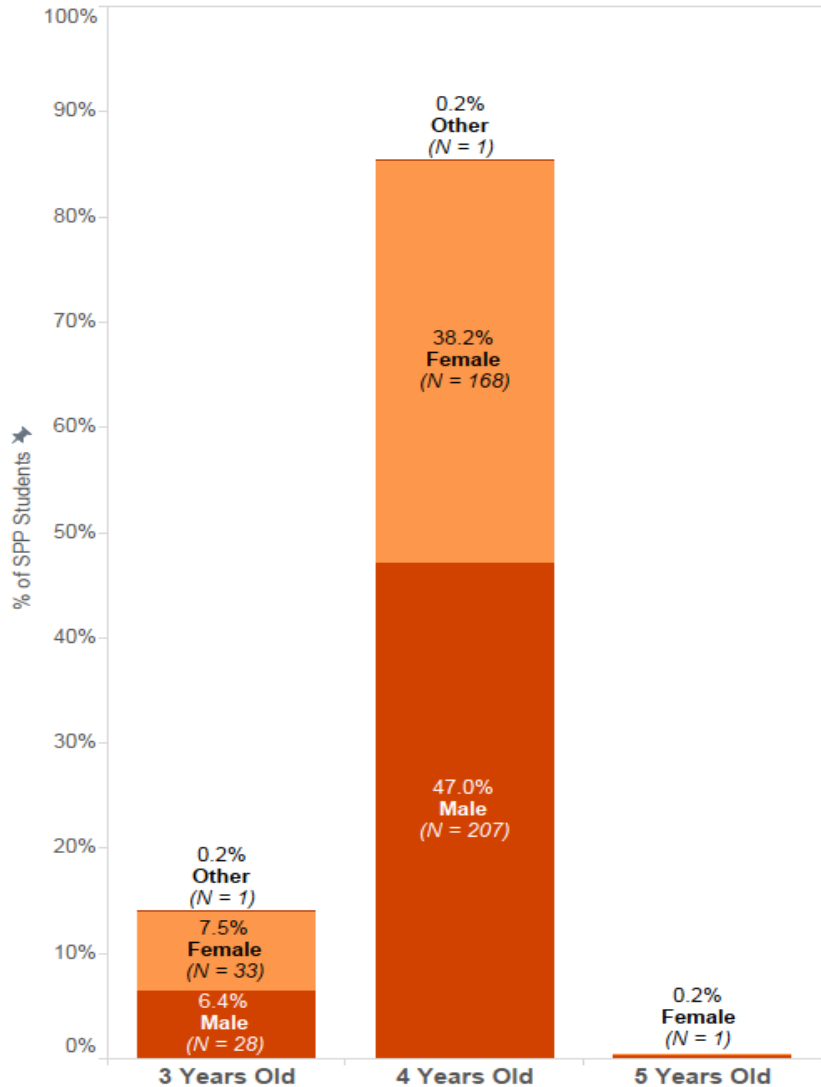
NOTE: 2016-2017 SPP student data as of September 6, 2016. Data do not include students who were "In Process" at the time of extraction.

AGE & GENDER COMPARISON BETWEEN 2015-16 VS 2016-17



2015-16

Age as of 9/1/15

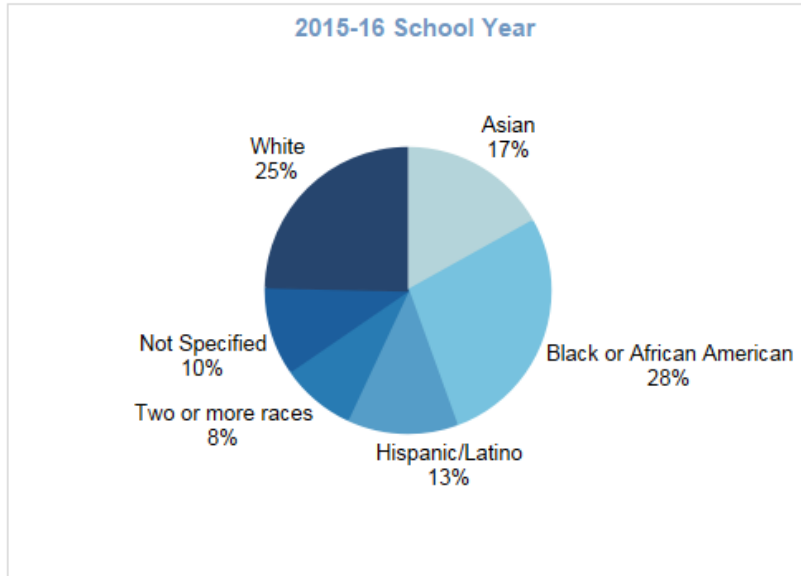


2016-17

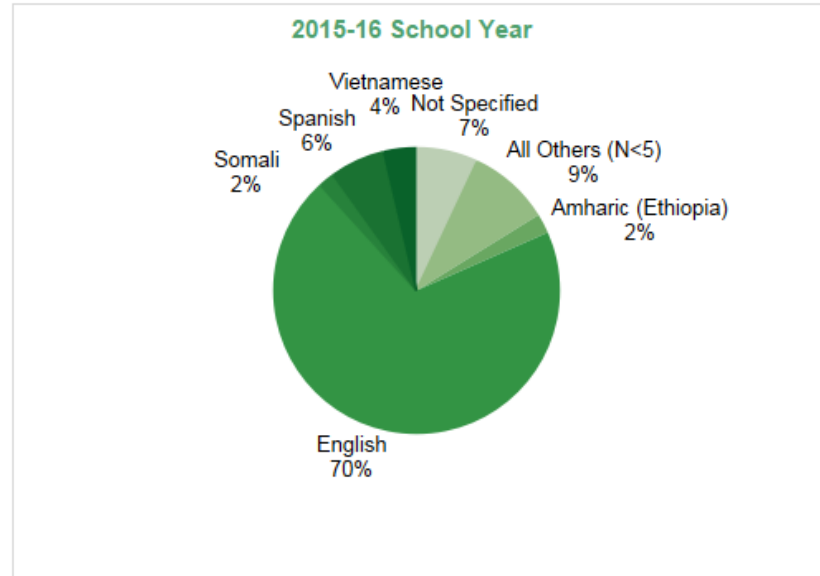
Age as of 9/1/16

DEMOGRAPHICS OF SPP STUDENTS

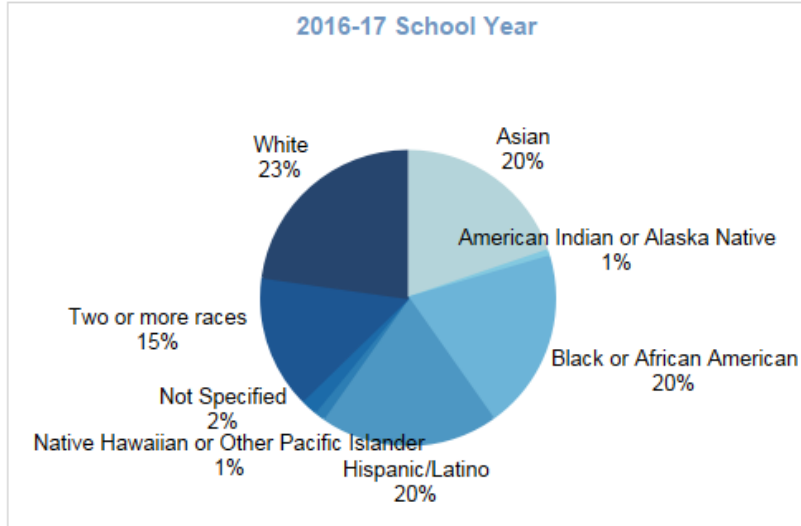
Race/Ethnicity



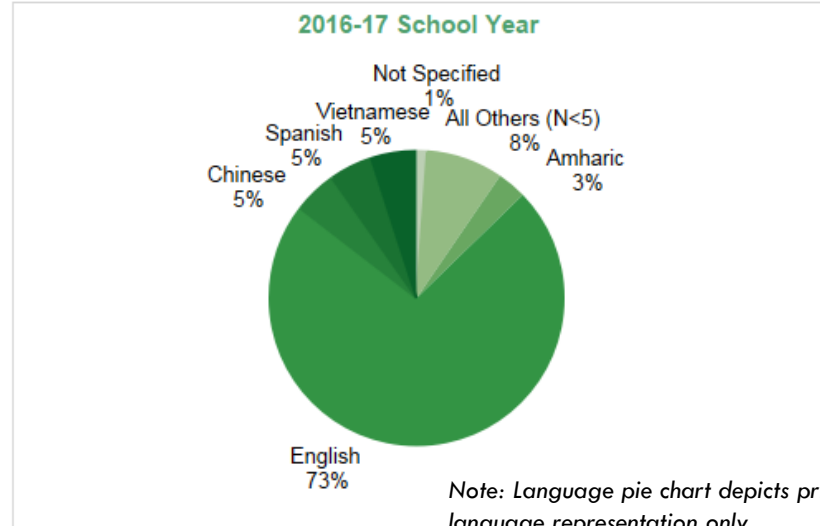
Home Language (Primary)



2016-17 School Year



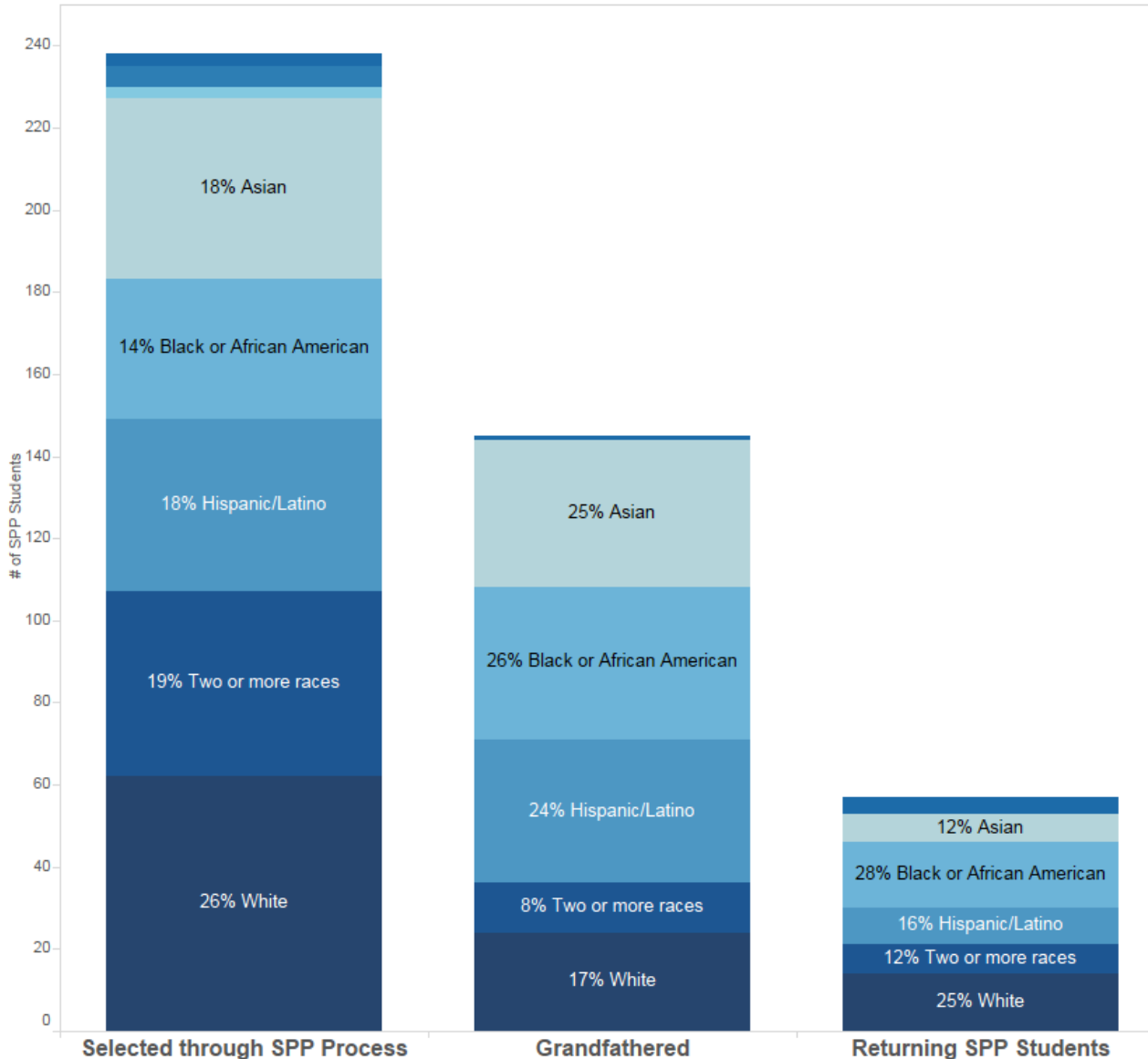
2016-17 School Year



Note: Language pie chart depicts primary home language representation only.

NOTE: 2015-2016 SPP student data as of 7/7/16. 2016-17 SPP student data as of 9/6/16.

DEMOGRAPHICS OF SPP STUDENTS BY ENROLLMENT TYPE



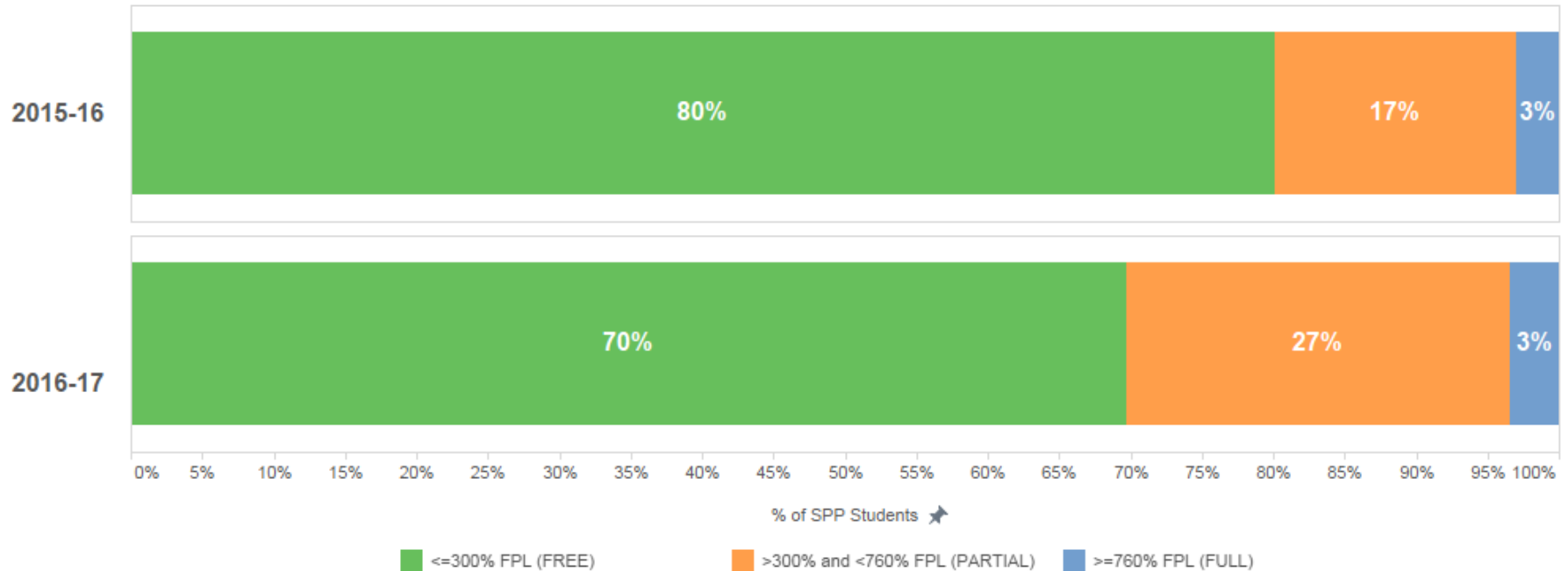
Over half of the students selected in the SPP process are Black or African American, Hispanic/Latino, or two or more races.

Of SPP students returning, over a quarter are Black or African American.

Color Key

- Not Specified
- Native Hawaiian or Other Pacific Islander
- American Indian or Alaska Native
- Asian
- Black or African American
- Hispanic/Latino
- Two or more races
- White

FPL BREAKDOWN (% OF TOTAL ENROLLMENT)



This represents the breakdown of the total population by tuition eligibility:

- In the 2016-17 school year, there has been an increase in the percentage of students who pay Partial Tuition and a decrease in the percentage of students who receive Free Tuition.

NOTE: 2015-2016 bar represents 272 students. 2016-17 bar represents 440 students.



**CONTINUOUS QUALITY
IMPROVEMENT**



SPP SY2015-16: IDENTIFIED CHALLENGES

Rapid launch phase

- Timeline caused contracting and enrollment challenges
- SPP programs, systems and processes in development

Family processes

- Few options for families
- Potential to disrupt continuity of care
- In-person visit required to enroll

Provider Implementation

- Requirements and processes unclear or developing
- Insufficient and complex payment structure
- Antiquated data systems

TIMELINE IMPROVEMENTS

Event	2015-16	2016-17	Anticipated 2017-18
RFI released	April 20	October 30	November
Announcement of SPP providers	July 2	February 5	March
Child application available	July 2	February 5	March
School Board Approval	August 16	March 16	March
First Parent Notification	August 21	April 8	May
Percent enrolled on first day of school	50% (approx)	80%	

STAKEHOLDER INPUT PROCESS

- Input from providers who did not apply for 2015-16
 - DEEL reached out to over 40 eligible centers for a short phone interview; 23 interviews were completed
 - Findings: Payment level insufficient for requirements, continuity of care guarantees needed, space constraints prevent dedicating 2 classrooms, curriculum challenges
- Input from SPP providers
 - Interviewed all current provider agencies, analyzed operating budgets and asked about implementation challenges
 - Findings: Salary compression, salary inequity, method for braiding funds not clear

PROCESS IMPROVEMENTS: FOR PROVIDERS

Streamlined partnerships and communications:

- Simplified RFI process
- Restructured, simplified contract
- Creation of SPP operations manual
- Early learning newsletter: *Guiding Seattle's Little Humans*
- New web home for provider resources

Improved Payment Model

- Increase in payment (average 12-13% increase)
- Streamlined braiding of revenue streams

Altered organizational requirements to make SPP more accessible

PROCESS IMPROVEMENTS: FOR FAMILIES

Increased opportunity for parental preference

- Dual language, extended day needs and geographic preference
- Overall more geographic choice and diversity

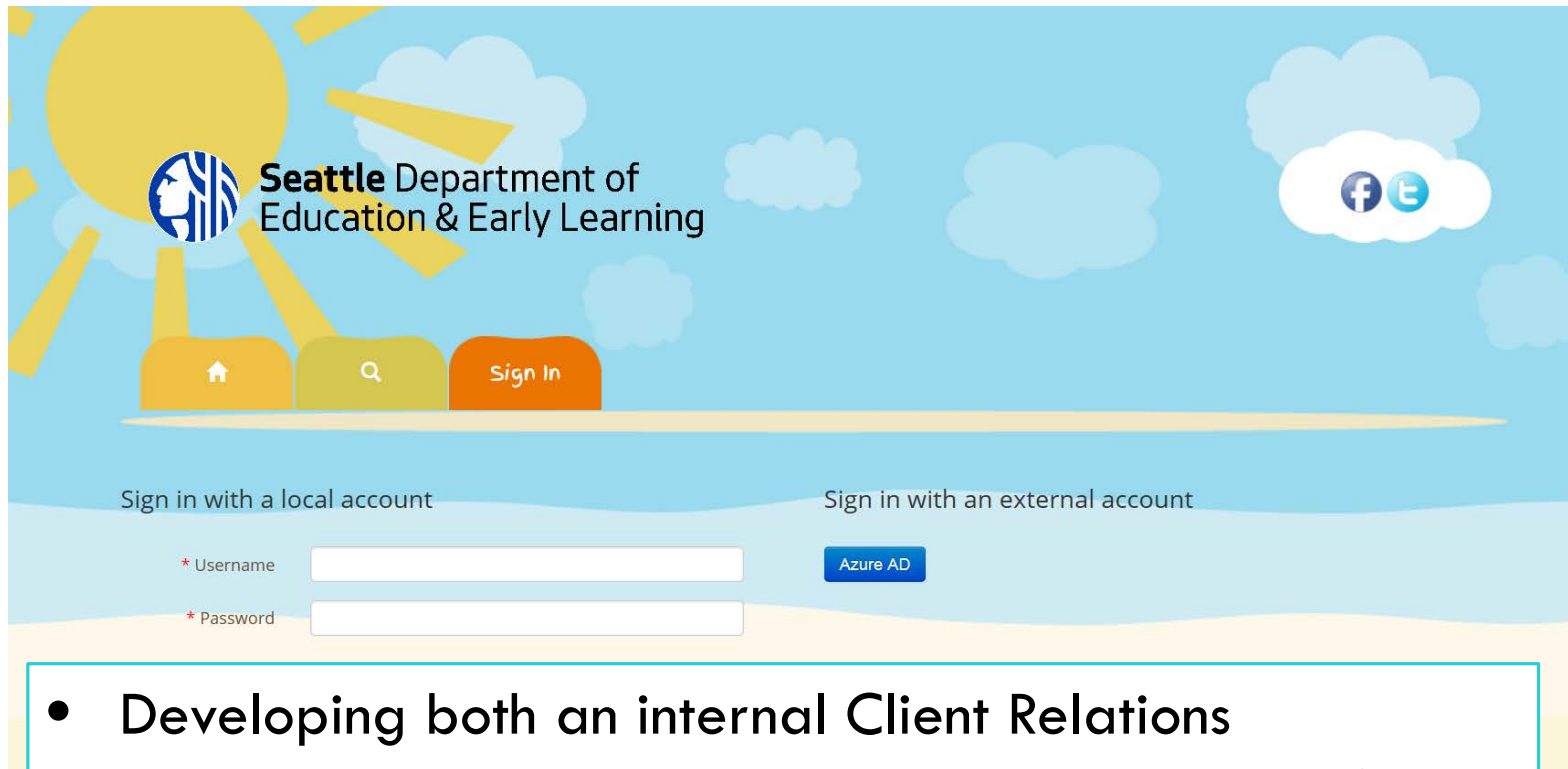
Modified selection priorities to support continuity of care

- From daycare to preschool and preschool to K-5

Improved DEEL processes

- Two enrollment coordinators (1 bilingual Spanish/English)
- On-line option for applications
- New data system - CHIPS

CHILD INFORMATION & PROVIDER SYSTEM (CHIPS)



- Developing both an internal Client Relations Management (CRM) system and external portal for providers and families.
- Launch date September 16 (2 weeks delayed)



PROGRAM SUPPORTS



SPP FACILITIES FUNDING

SPP Provider Facilities Fund

- Grants of up to \$500,000 to providers for facility improvement or expansion projects
- Priority to those that add new slots or classrooms

Direct Investment Projects

- Investments to a developer/organization to build new SPP classrooms
- Developer manages a competitive process for SPP and Pathway providers to operate

Pre-Development Services Program

- Established a pool of architects to work directly with SPP/Pathway providers to develop initial design ideas and assess project feasibility

SPP AND PARKS (SPR) COMMUNITY CENTER PARTNERSHIP

DEEL and SPR have signed an MOA for the following:

- The City will utilize community centers to house SPP classrooms
- Planning and identification of community centers is currently underway
- Community centers will require capital upgrades to meet state licensing standards

DEEL and SPR expect to have 5 community centers online for each of the last two years of the SPP Demonstration Phase (ten total).

Community center space will be made available through an open, competitive process to SPP/Pathway providers.

TEACHER REQUIREMENT SUPPORTS

SPP Scholars Tuition support Program, current scholars:

- Aaron Franco-Ross
 - Site Supervisor for Launch-Madrona
 - Enrolled in BAS ECE at North Seattle College
- Tiffany Brown
 - Lead Teacher at Causey's
 - Graduated from Goddard College with a BA in Education with a concentration in PreK-3 Dual Language

SPP Education Waiver

- Working toward a model that includes college credit for Prior Learning (Anticipated launch, October 2016)

SPP FAMILY CHILD CARE (“FCC”) PILOT

FCC Advisory Committee Process (October '15 – April '16)

- Recommended funding a Hub organization to subcontract with a network of FCC homes

DEEL Planning Process (May '16 to October '16)

- Pilot structure developed, informed by AC recommendations
- Racial Equity Toolkit planned for late September 2016
- RFI to be released this fall

Pilot Implementation (November '16 – June '19)

- DEEL will contract with up to two Hub organizations
- Hubs will subcontract with FCC homes to offer slots to SPP
- Will participate in evaluation



LOOKING AHEAD



SPP RFI SCHEDULE FOR 2017-18 (TENTATIVE)

November 2016	Release RFI for 2016-17 providers
December 2016	Provider applications due
January 2017	RFI panel convenes, site visits and final recommendations
February 2017	Accepted providers are notified
March 2017	Public announcement of SPP providers
March 2017	Release of child applications
April 2017	SPP child applications due
April 2017	Selection of SPP children
May 2017	First round of notification of selected SPP children



COMING NEXT MONTH:

October 11: SPP Site Visit and Presentation of DEEL's Year One Process and Impact Evaluations, completed by 3SI

QUESTIONS?

