



DRAFT



**FAMILIES AND EDUCATION LEVY  
LEVY OVERSIGHT COMMITTEE  
Tuesday, September 9, 2014**

**MINUTES**

**MEMBERS PRESENT:** Tim Burgess, Elise Chayet, Lucy Gaskill-Gaddis, Sheeba Jacob, Regina Jones, Kevin Washington, Greg Wong

**OTHERS PRESENT:** Janet Blanford (OFE), Leilani Dela Cruz (HSD), Donnie Grabowski (OFE), Sonja Griffin (OFE), Erica Johnson (OFE), Patricia Lee (Council staff), Forrest Longman (CBO), Erin McGary-Hamilton (OFE Consultant), Holly Miller (OFE), Alex Pedersen (Council staff), Pegi McEvoy (SPS), Sara Rigel (Public Health), Sue Rust (OFE), Rachel Schulkin (OFE), Sid Sidorowicz (OFE), Sarah Wilhelm (Health), Charles Wright (SPS)

The meeting was called to order at 4:05 PM by Holly Miller. Introductions were made. H. Miller requested approval of the minutes from the June 10 meeting. Greg Wong requested that the minutes contain the statement he made at the June meeting that he is doing legal work for the City on the Seattle Preschool Program ballot measure. With that correction, the minutes were approved.

H. Miller reviewed the meeting agenda which included the proposed 2015 budget for Levy and a presentation on the proposed new department, the Department of Education and Early Learning.

**Proposed 2015 Budget**

Donnie Grabowski said Mayor Murray is presenting his proposed budget to City Council on Monday, September 22 at 2:00 PM in Council Chambers. All Levy funds are appropriated to the Department of Neighborhoods. This will change in 2015 with the proposed new Department of Education and Early Learning (DEEL). FEL revenues inflate by 1% per year per levy ordinance. Actual property taxes collected are less than estimates, typically due to delinquent property tax receipts and decreases in annual tax assessments. The estimated amount of Levy investment earnings is \$4.8M. For the first two years of the Levy (2012 and 2013), there was a cumulative property tax shortfall of \$183,000. She said investment earnings are more volatile than property taxes. As of 2013, the Levy under-collection was \$499,000, but OFE has a plan to deal with this situation. In 2013, OFE transferred \$1.5M from this Levy to the 2004 Levy, and OFE will not reallocate those dollars. The good news is OFE has set aside enough funds from the first two years of the levy to account for anticipated under collection of revenue for this Levy. Kevin Washington asked where the City invests. He said the stock market is gaining faster and he assumes the City would invest conservatively. Is there any way for us to catch up? D. Grabowski said that the City's investments are pooled in a citywide investment pool. By state statute, the City is precluded from investing in stocks, corporate bonds, or high-yield bonds. This limits the City's ability to invest in and earn money on the fund balance. K. Washington said even those estimates ran behind estimates from

several years ago. D. Grabowski said the current earnings are in the .085 range. She said she is confident we don't have to reduce any programming going forward. Lucy Gaskill-Gaddis asked if we are allocating some of the funds that are set aside to address expected revenue shortfalls into programs and D. Grabowski said no. G. Wong asked whether we are taking away program funds and reallocating them to a different program if an entity doesn't meet its performance requirements. D. Grabowski said we're keeping whole the programs as planned for in this Levy. If we have underspend going forward, OFE could decide to augment existing programs. G. Wong asked if there is anything we can do about the investment earnings shortfall situation and D. Grabowski said, for the next Levy, we can plan more conservatively. Forrest Longman from the City Budget Office reiterated that the City is very constrained by how it can invest its pooled funds.

D. Grabowski said, most revenue is collected in April/May and also October/November each year. She said we're on track and is confident we'll meet property tax estimates. As of July 2014, 53% of the 2014 estimate had been collected. As of July, 2014, the cash balance was \$20.6 million dollars that will be applied towards next year's costs. K. Washington asked whether there are draws against that amount and D. Grabowski said no, the funds are parked for future use. As a reminder, OFE over-collects in the early years of the Levy and uses this to cover expenses in the latter years.

D. Grabowski gave an expenditure update. She said that early learning and elementary programs have the most expenditures (26% and 23%, respectively). Middle School and Health expend 19%. In Table 3, expenditures are not as high because the City transferred funds from the 2011 Levy to the 2004 Levy. We expect more expenses in 2014 because we are closing out contracts from the 2013-14 school year and are just beginning to spend for the 2014-15 school year.

D. Grabowski said in 2014 the Levy funds 10 full-time equivalents (FTEs), noted on the last page of the memo. In 2015 these positions will be absorbed into the proposed new department so the actual FTEs funded by the Levy might shift. She said, for example, she is going to parse out her time for finance work she is doing outside of the Levy. The 2015 Proposed Budget for the new Department of Education and Early Learning is \$31,926,024. L. Gaskill-Gaddis said there are other people in OFE that aren't listed. D. Grabowski said OFE also had General Fund in 2014 to fund city staff to help plan for the Seattle Preschool Program. There is also other funding for consultants. Sid Sidorowicz said the Seattle Youth Violence Prevention Initiative staff are also General Fund positions. K. Washington said it looks as though all of those elements will be rolled into one department and asked whether it was a done deal. H. Miller said not yet; it will be considered by the City Council in the budget process. G. Wong asked about underperforming to get underspend. H. Miller said we will hear about that next meeting. S. Sidorowicz said most programs are close to their targets as we've been nudging them up. H. Miller said they receive performance pay if they hit 90% of their targets.

### **Department of Education and Early Learning (DEEL)**

H. Miller discussed the proposal presented to City Council by Mike Fong, Ben Noble and herself. The Statement of Legislative Intent (SLI) asked the executive to elevate the Office for Education to a separate department. She reviewed the SLI objectives, as well as Mayor Murray's additional objectives. Regina Jones added that the Mayor wants to develop and execute strategies for Seattle to become a 21<sup>st</sup> century model for excellence in public education. At this point there is no agenda around what that looks like. K. Washington asked if there was

any discussion around what we do with the 25-30% of Seattle Public Schools students that aren't graduating. H. Miller said there is an intersection between current high school investments and the new Higher Education position. She said we have the Mary Beth Celio study and are doing work in college and career planning efforts. The new position will look at those programs that exist now to determine the most effective approaches for post-secondary success. One advantage of this new department will be that it looks at birth through post-secondary, so we will have capacity to look at populations not being addressed right now.

The proposed new department would merge functions from OFE and the Human Services Department early learning programs. Not all of the HSD early learning programs would move to the new department. She read the Mission and discussed which programs from HSD would move to the new department.

H. Miller discussed the benefits of creating the new department. It offers us the opportunity to more systematically integrate programs and initiatives. Specifically, how we braid and blend funding so we're not managing by funding stream but by what's best for families, children, and providers. There will be a big effort in the new department. K. Washington asked if that should create funding efficiencies and H. Miller said it might. There would be opportunities to improve quality and one example is in contracting. Providers might have several contracts with HSD and with OFE that could be consolidated into one contract. She said, as we look at braiding these funds, we'll see what kind of leverage we can achieve.

Structurally there will be the Director's Office and three divisions. She reviewed the functions in the Director's Office and said it has the largest funding because the Levy contracts reside there. The Levy contracts make up almost \$22 million of the funding shown. We may revisit the issue of a separate K-12 division later. We plan to keep as much funding in programs as possible. H. Miller noted the data group on the org chart. She said there was a question at City Council about understanding the difference between assessments, data manipulation, and reporting. All program staff analyze assessment and continuously make course corrections as appropriate. Using attendance as an example, program staff keep track of agency progress on an ongoing basis. The data unit will look at longer-term trends and correlations. S. Sidorowicz said the mechanical part of data collection, security policies, what data is transmitted when, has been dispersed onto program managers. It takes time away from them to be more involved with the programs. We want to ensure there's a unit to make sure data is available to use with evaluated programs and make decisions but not have program staff get caught up with how data is collected.

Elise Chayet asked about the management of Higher Ed. H. Miller said this is a new function proposed by the Mayor. This position will interact with colleges and universities, helping influence policy choices. In the Levy Planning Committee, Jill Wakefield brought some data forward. All of that can be part of the portfolio for this person. K. Washington raised the issue of dropouts and making sure we don't have a big pothole on this spectrum that we're not paying attention to. G. Wong asked about any impacts on the Levy in the new department. H. Miller said that Levy funds will be integrated into the overall department and braided and blended with other revenue sources. There will be no reduction in Levy programming.

For the Early Learning division, H. Miller said there are three functions: Operations, Policy and Planning, and Quality Assurance. Re Quality Assurance, she said the East Coast trip showed how important coaching was to success, link coaching to curricular and professional

development approach. The Policy and Planning staff will think through the blending and braiding funds and how we bring integration into operation. S. Sidorowicz said the state and federal policy and planning world of preK keeps changing, and we expect for a number of years there will be changes going on.

The Finance & Administration division was expanded to deal with the larger budget and more complex contracting. We will consolidate the RFI/RFP processes in this unit. The way OFE handles these is different from HSD. Contracting and monitoring contracts reside here in this unit. We will continue to contract with the Department of Neighborhoods for accounting services. For personnel services, we will contract with the City's Department of Human Resources. L. Gaskill-Gaddis asked about monitoring expenditures vs. evaluation. H. Miller said lessons were learned from the 2004 Levy and 1997 Levy where finances were confused and mixed up because of the way those issues were handled. We are delineating contracting vs. evaluation.

The Seattle Youth Violence Prevention division will add two additional positions in 2015 focusing on research, evaluation, and technical assistance.

This represents the proposal that will go forward without any assumptions about the Seattle Preschool Program. If the Seattle Preschool Program levy passes in November, another version of the budget will be submitted. This is status quo.

The DEEL budget will have multiple revenue sources: Families and Education Levy funds, General Fund, SYVPI federal grants, state ECEAP funding. We are asking for an additional \$69,000 to balance this budget. H. Miller said getting back to G. Wong's impact question, we may shift personnel around but the number of Levy FTEs will remain the same. We will benefit from the added outreach capacity.

G. Wong said there is no difference in what the public could expect or what providers could expect. It is a different framework of administration. H. Miller said Levy dollars are focused on serving the lowest-performing and lowest-income students, English Language Learners, and children of color. The Mayor asks us to translate all of this into the Race and Social Justice Initiative (RSJI). We have competitive processes. It's an opportunity to bring clarity across the board on purposes of all of these programs.

K. Washington asked whether the plan put forth by the Mayor for the new department is completely new and created here, or is it similar to structures in other cities where it's been effective. H. Miller said it was in response to the Statement of Legislative Intent issued by the Seattle City Council in the 2013 budget. As far as we know, they did not use a model from another city to develop this. There are Offices of Education in Nashville, Denver, and Philadelphia. R. Jones said, if we were looking to a model, it would be much like the Washington State Department of Early Learning, creating a centralized location for integrated services in education for the city.

L. Gaskill-Gaddis asked about the preschool budget. If the Seattle Preschool Program vote happens before Council approves the budget, will there be a rapid switch if the SPP levy passes. H. Miller said we will prepare an additional budget in advance and F. Longman said it would be an amendment to the City Council budget.

G. Wong said he likes the idea of streamlining education services. Have there been conversations with the School District? Have they been at the table and in those discussions? H. Miller said the Mayor has met with the Board Members and Superintendent. We are already working with District Early Learning staff on the preschool program. Charles Wright added we all are exploring how we can work more closely together. H. Miller said, since C. Wright has taken the helm, leadership at the District has been more strategic, thinking about what the next strategic investments the District might want to encourage. We are evolving toward being on the same page with our goals and objectives. G. Wong said he could see a turf battle with a move toward mayoral control of the District. H. Miller said the Mayor was emphatic that was not the case. The question is how we can partner with the District to create a 21<sup>st</sup> Century school system where we eliminate disparities.

E. Chayet asked if there has been a dialogue with other levels of government, such as King County. Is there a consistent vision that the City and County are working on? H. Miller said we're just beginning those conversations. There are units in King County that relate to Special Ed and disabled students and Nurse Family Partnerships. Since we contract with Public Health – Seattle & King County, they have done a good job with helping us think about our investments in health from a broader perspective.

E. Chayet asked, in talking about SYVPI, how we are marshalling resources so there is consistent vision. H. Miller said when SYVPI was being designed, there was a lot of discussion to ensure we were not duplicating efforts or supplanting. Regular discussions continue between the City and County. There is communication among law enforcement and then at the programmatic level. One contract is the Alive & Free Program at the YMCA. They serve the entire county, not just the city. L. Gaskill-Gaddis said she was surprised that the new department would manage the Nurse Family Partnership contract and thought that Public Health - Seattle & King County managed that one. H. Miller said that the City contracts with PHSKC, who manages the Nurse Family Partnership services. Sara added that the City funds the Nurse Family Partnership program.

H. Miller said R. Jones is having conversations with King County around birth to 3. R. Jones said the King County Executive and the Mayor are discussing building an early learning nation. H. Miller said the Road Map also provides a meeting place for cross-jurisdictional programs. It includes the City of Seattle and seven major school districts in southern King County. We learn from each other. It has subcommittees that work on Early Learning.

Sheeba Jacobs asked whether the Mayor spoke more on embedding RSJI. H. Miller said it was present in the context of implementation planning for the Seattle Preschool Program. The City's approach in the past has been an internal process where an agency will sit down and say "I want to implement this program," and document the impacts. We want to have an outward facing process which considers the RSJI impacts of all our investments.

The meeting was adjourned 5:12 PM.