

Department of Education and Early Learning

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Budget Summary (\$ in 000s)

| | 2021 Adopted | 2022 Proposed | % Change |
|---|------------------|------------------|--------------|
| Appropriations by BSL | | | |
| Operating | | | |
| Early Learning | \$58,358 | \$65,108 | 11.6% |
| K-12 Programs | \$33,835 | \$38,254 | 13.1% |
| Leadership & Administration | \$7,057 | \$7,620 | 8.0% |
| Post-Secondary Programs | \$5,212 | \$12,282 | 135.6% |
| Total Appropriations¹ | \$104,463 | \$123,264 | 18.0% |
| Total FTEs | 110.5 | 117.5 | 6.3% |
| Revenues | | | |
| General Fund | \$11,403 | \$16,069 | 40.9% |
| Other Sources | \$93,060 | \$107,195 | 15.2% |
| Total Revenues | \$104,463 | \$123,264 | 18.0% |

¹ Numbers may not add up due to rounding.

I. Background

The Department of Education and Early Learning (DEEL) is responsible for developing and managing the City’s education policies and programs, and DEEL serves as the liaison with the City’s educational partners. The department also administers the Families, Education, Preschool, and Promise (FEPP) Levy, which voters approved in 2018 as the replacement for two expiring levies: the 2011 Families and Education Levy and the 2014 Seattle Preschool Program Levy. The FEPP Levy combines the activities of the two previous levies and expands the City’s education investments to cover the first two years of college. The current FEPP Levy will continue through 2025 and fund education services through the 2025-26 school year.

The 2022 Proposed Budget is approximately \$123.3 million, an increase of \$18.8 million relative to the 2021 Adopted Budget. In addition, the proposed budget continues to fund approximately \$1.4 million of early learning personnel costs and \$676,000 of costs for the ParentChild+ home visitation program for two- and three-year-old children with fund balance from the 2011 Families and Education Levy. These costs would typically be funded with General Fund, and the 2021 Adopted Budget included a similar fund swap. The City Budget Office has indicated that it intends to restore these expenses to the General Fund in 2023.

DEEL’s proposed budget also increases by 7.0 FTE relative to the 2021 Adopted Budget. Four of these positions were approved in the 2021 Mid-Year Supplemental, via [Ordinance 126429](#), and one of the positions is related to the Equitable Communities Initiative, which is described below.

The remaining two proposed positions are:

- 1.0 FTE Data and Evaluation Analyst to collect, analyze, and communicate data regarding DEEL's K-12 investments, and
- 1.0 FTE Senior Finance Analyst to provide general financial and accounting support to address DEEL's expanding programming.

Some of the other notable changes in the budget include:

- \$6.7 million – Seattle Promise Enhancements – This allocation of Coronavirus Local Fiscal Recovery (CLFR) funds would continue investing in a set of enhancements to the Seattle Promise program. This proposal is discussed in the Issue Identification section.
- \$4.0 million – Equitable Communities Initiative – This proposal would continue funding for an Equity and Cultural Education Fund that originated from the Equitable Communities Initiative Task Force's recommendations. This is a joint project between DEEL and the Office of Arts and Culture (ARTS). In August, via [Ordinance 126401](#), Council provided \$4 million GF to DEEL and \$2 million GF to ARTS for the effort. The departments intend to issue a Request for Information (RFI) at the end of the first quarter 2022 for the 2021 allocation.

The fund is intended to benefit Black, Indigenous, and People of Color (BIPOC) youth impacted by systemic inequities in education. Activities supported by the fund include youth leadership and cultural education; family support and engagement; and educator diversity and professional/organizational development. Funds will be targeted toward community-based organizations and sole proprietors that are BIPOC-led.

The funding in the proposed budget would also support one new permanent position (a K-12 Program Advisor proposed in the Year-End Supplemental) and two temporary positions (a Data Advisor and a Senior Grants and Contracts Specialist).

- \$2.4 million – Child Care Stabilization Grants – This proposed increase would fund another round of stabilization grants for licensed child care centers and Family Child Care homes (FCCs), as well as Family, Friend, and Neighbor (FFN) caregivers. The Council has funded two prior rounds of child care stabilization grants, in August 2020 ([Ordinance 126149](#)) and April 2021 ([Ordinance 126320](#)). In total, the first two rounds provided grants to 436 licensed providers, with an average grant award of about \$6,500, and 162 FFN caregivers, with a flat award amount of \$500. DEEL plans to take an approach that is similar to the prior rounds with this new funding round, although the department will continue to engage local provider community groups regarding the opportunity. Additionally, the Washington State Department of Children, Youth, and Families will be releasing its federally funded stabilization grants within the next few months, and DEEL will attempt to tailor its program based on the impacts the state grants have on the Seattle child care community.

- \$1.5 million – Prenatal-to-Three Grant Program – This proposal provides ongoing Sweetened Beverage Tax (SBT) funding to continue a prenatal-to-three grant program that started in 2021 and was identified as a one-time investment. The SBT Community Advisory Board has recommended that this program become permanent and ongoing. The program provides funding to community-based organizations that specialize in high-quality prenatal-to-three and kindergarten readiness services that seek to reduce disparities in outcomes for children based on race, gender, or other socioeconomic factors.

FEPP Levy Undesignated Fund Balance

At the September 29 meeting of the Select Budget Committee, Councilmembers requested additional detail related to the FEPP Levy’s undesignated fund balance, often referred to as underspend, along with DEEL’s plans and rationale for utilizing those resources in future years.

The FEPP Levy Implementation and Evaluation Plan (I&E Plan), approved by Council in April 2019 via [Ordinance 125807](#), provides direction and states the Council’s priority for use of levy underspend. The I&E Plan states the following:

“Throughout the year, DEEL will monitor actual spending in each investment area. Per Council [Resolution 31821](#), the priority for unspent and unencumbered funds at the end of each fiscal year will be to supplement the Seattle Preschool Program, with the goal of increasing the number of available preschool slots for three- and four-year old children. Any other proposed use of annual underspend will be reviewed and recommended by the [Levy Oversight Committee] and approved by the Council through the annual budget process or other legislation.”

DEEL estimates that by the end of 2021, the FEPP Levy’s undesignated fund balance will be approximately \$14.4 million. Due to the effects of the pandemic, levy expenditures in 2020 were significantly below expectations, resulting in the levy fund ending the year with an undesignated fund balance of approximately \$10 million. For 2021, DEEL projects that the levy will underspend its budget by an additional \$4.4 million, resulting in the total undesignated fund balance of \$14.4 million.

The 2022 Proposed Budget does not propose to use any of this undesignated fund balance in 2022. Rather, DEEL’s recommendation is to reserve these funds to address two areas that the department sees as potential risks in future years: early learning and Seattle Promise. In a presentation to the Levy Oversight Committee (LOC) on August 26, DEEL presented information indicating that during the years 2023 through 2026 (when the current FEPP Levy ends), early learning will have a cumulative funding gap of between \$3 million and \$6 million; and Seattle Promise will have a cumulative funding gap of between \$8 million and \$12 million during the same time period.

For early learning, DEEL described the funding gap as being impacted by:

- (1) increasing provider costs;
- (2) provider staff shortages;
- (3) high inflationary growth for providers' maintenance and operations; and
- (4) declining tuition revenue.

With respect to Seattle Promise, the funding gap impacts were listed as:

- (1) increasing enrollment;
- (2) Racial Equity Toolkit recommendations; and
- (3) federally funded equity program enhancements.

(Additional information on the potential funding gap for Seattle Promise is presented in the Issue Identification section.)

During that meeting, DEEL recommended to the LOC that the \$10 million of undesignated fund balance from 2020 be set aside as a reserve to ensure the sustainability of DEEL programs throughout the life of the current FEPP Levy. The LOC discussed the proposal and voted to support setting aside \$10 million as a reserve and, on September 27, sent a letter to Council indicating that support.

II. Issue Identification

1. Seattle Promise Enhancements

The largest increase in DEEL's proposed budget is approximately \$6.7 million of CLFR funds to continue investing in a set of enhancements to the Seattle Promise program. DEEL received a \$4 million allocation from the first tranche of CLFR funding in June 2021 as part of Seattle Rescue Plan 1, via [Ordinance 126371](#). The enhancements include items such as: increasing the amount of the equity scholarship for individual students, allowing students impacted by the pandemic up to one additional year of program support, and increasing the amount of overall tuition funding available to sustain higher-than-projected program enrollment. A description for each of the program enhancements is included in Attachment 1 to this memorandum.

Table 1 shows the planned spending, by enhancement, for \$10.7 million of CLFR funding: the initial \$4 million CLFR allocation provided in June 2021 and the proposed second \$6.7 million CLFR allocation that would be spent during 2022 and 2023.

Table 1: Current and Proposed Use of CLFR Funds (\$ in 000s)

| Enhancement | 2021 | 2022 | 2023 | Total |
|--|----------------|----------------|----------------|-----------------|
| A. Increasing the Equity Scholarship | \$700 | \$700 | \$500 | \$1,900 |
| B. Enhance Support for Students | \$400 | \$300 | \$100 | \$800 |
| C. Program Re-Entry for Students | \$0 | \$400 | \$500 | \$900 |
| D. Readiness Academy/Academic Bridge | \$900 | \$300 | \$300 | \$1,500 |
| E. Enrollment Fees | \$200 | \$200 | \$0 | \$400 |
| F. Completion Commitment | \$800 | \$800 | \$400 | \$2,000 |
| G. Sustain Increased Enrollment | \$200 | \$900 | \$0 | \$1,100 |
| H. WA State Opportunity Scholarship Investment | \$200 | \$200 | \$0 | \$400 |
| I. Transfer Support to 4-Year College | \$500 | \$500 | \$0 | \$1,000 |
| J. Program Staffing Support | \$100 | \$300 | \$300 | \$700 |
| Total | \$4,000 | \$4,600 | \$2,100 | \$10,700 |

As of late September, DEEL had approximately \$500,000 of the initial CLFR funding under contract with Seattle Colleges to support 2021 summer programming, and the department was in negotiations with Seattle Colleges and other partners for programming in the 2021-22 school year. DEEL’s expectation is that the entire \$4 million will be under contract by the end of 2021. Additionally, DEEL has started the process of filling two new positions to support the program. The Council approved the new positions in the 2021 Mid-Year Supplemental, and the cost of the positions is accounted for in the final row of Table 1, under “program staffing support.”

Sustainability of Enhancements

Of the 10 program enhancements to the Seattle Promise program, DEEL considers five of them to be limited-term or pilot investments and five of them to be ongoing enhancements that will last beyond 2023 and the depletion of the one-time CLFR funds. The resulting funding gaps begin in 2023 and last through the end of the current FEPP Levy (2026). In response to questions raised at the Select Budget Committee meeting on September 29, DEEL provided additional information with respect to the projected funding gaps. Table 2 identifies the five enhancements that DEEL considers to be ongoing along with their projected funding gaps.

Table 2: Ongoing Enhancements and Projected Funding Gaps (\$ in 000s)

| Enhancement | 2023* | 2024 | 2025 | 2026 | Total |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| A. Increasing the Equity Scholarship | \$200 | \$700 | \$700 | \$700 | \$2,200 |
| B. Enhance Support for Students | \$100 | \$400 | \$400 | \$400 | \$1,300 |
| D. Readiness Academy/Academic Bridge | \$200 | \$500 | \$500 | \$300 | \$1,500 |
| G. Sustain Increased Enrollment | \$1,000 | \$1,000 | \$1,000 | \$500 | \$3,500 |
| J. Program Staffing Support | \$0 | \$400 | \$400 | \$200 | \$1,000 |
| Total | \$1,500 | \$3,000 | \$3,000 | \$2,000 | \$9,400 |

Numbers may not add up due to rounding.

*The amounts in the 2023 column are in addition to the CLFR amounts for 2023 shown in Table 1.

As shown in Table 2, DEEL estimates that sustaining these five program enhancements beyond the depletion of the CLFR funds would cost an additional \$9.4 million between 2023 and 2026. These projections also assume some level of financial or in-kind support from Seattle Colleges which, if the support did not materialize, would increase the projected funding gaps. DEEL is currently negotiating with Seattle Colleges about future contributions, but they have not reached a formal agreement at this time.

These projections could change significantly depending on student interest in Seattle Promise and individual student needs. For example, Seattle Promise enrollment exceeded DEEL's projected enrollment for the 2020-21 school year by 145 students, and DEEL currently expects enrollment to exceed DEEL's initial projections for the 2021-22 and 2022-23 school years by 250–350 students each year. The FEPP Levy I&E Plan does contemplate the possibility that interest in Seattle Promise might exceed projections, and the plan provides the following direction with respect to how tuition funds should be prioritized:

“In the event that demand for Seattle Promise tuition supports exceed supply, tuition funds will be prioritized for low-income, first-generation (i.e. students who are first in their family to attend college), and/or African American/Black, Hispanic/Latino, Native American, Pacific Islander, underserved Asian populations, other students of color, refugee and immigrant, homeless, English language learners, and LGBTQ students. In collaboration with Seattle Colleges, DEEL will collect and analyze Promise Student enrollment, persistence, and completion trends to better understand how FEPP-funds are being utilized. DEEL and the Colleges will use this analysis to inform the further refinement of a student prioritization mechanism that responds to Seattle student and family needs, and promotes equitable access to post-secondary opportunity.”

Consistency with Racial Equity Toolkit Analysis

In December 2020, the Seattle Promise Racial Equity Toolkit (RET) Team released the [Racial Equity Toolkit Analysis Final Report](#) on the Seattle Promise program. The members of the RET Team analyzed 14 program elements and subsequently provided recommendations and priority groupings for each of the analyzed elements. Of the 14 elements, the RET Team ranked six as a high priority, two as a medium priority, and six as a low priority. The Seattle Promise program enhancements that DEEL has pursued with CLFR funding include three of the RET Team's high-priority items and the two medium-priority items.

Table 3 shows the Seattle Promise program enhancements that the RET Team evaluated, or where the RET Team evaluated a closely related topic, and provides brief descriptions of the RET Team's recommendations/considerations and its priority ranking.

Table 3: Program Enhancements and RET Team Recommendations

| Enhancement | Recommendations/Considerations | Priority |
|--|---|----------|
| B. Enhance Support for Students | Need to continue monitoring this element to make a more informed recommendation at a later time. Designing staff support as a ratio does not seem equitable, as some students may have a need for more support than others. Seattle Colleges should have some flexibility in moving staff to meet student needs, and the program partners should continue to modify outreach to meet equitable needs. | Medium |
| C. Program Re-Entry for Students | Students should be allowed to re-enter the program, but they should still have to meet the two-year or 90-credit requirement. | High |
| D. Readiness Academy/Academic Bridge and F. Completion Commitment | RET Team evaluated how the system can reduce the need for students to take remedial courses. Recommendation is for the leadership from the program partners to develop a plan toward addressing this systemic issue. The RET Team also suggested that, alternatively, the program could allow for coursework beyond the two-year or 90-credit limitation, but that would not reduce the need for remediation/ developmental coursework. | High |
| E. Enrollment Fees | Mandatory and general fees for all 0 Expected Family Contribution (EFC) ¹ students should be covered, and mandatory fees for all 1-1000 EFC students should be covered. | High |
| G. Sustain Increased Enrollment | RET Team evaluated how tuition support should be prioritized if enrollment exceeds available funding. The Team acknowledged the I&E Plan guidance and indicated that it would be difficult to know when to begin prioritization, and that the decision may need to be based on applications received in a previous year. | Medium |

The three program elements that the RET Team ranked as a high priority but that are not reflected in DEEL’s program enhancements are all related to expanding Seattle Promise eligibility to additional students, specifically: opportunity youth, charter school students, and students who pass their General Education Development (GED) test.

¹ U.S. Department of Education, <https://studentaid.gov/complete-aid-process/how-calculated#efc>

Options:

- A. Prioritize CLFR funding toward the enhancements that are limited in duration, in recognition of the one-time funding source. Pursuit of this option will need to address the contractual commitments DEEL has already entered into and the progress the department has made in hiring the two positions approved in the 2021 Mid-Year Supplemental.
- B. Prioritize CLFR funding toward the enhancements that have been evaluated and prioritized by the RET Team, thereby potentially extending the duration of the CLFR support for those efforts. Similar to Option A, pursuit of this option will need to address the contractual commitments DEEL has already entered into and the progress the department has made in hiring the two positions approved in the 2021 Mid-Year Supplemental.
- C. Approve the proposed CLFR allocation and request that DEEL begin working on a legislative proposal for the Council's consideration to prioritize enrollment in the Seattle Promise program consistent with the priorities established in the FEPP I&E Plan.
- D. No Action

Attachment:

- 1. Seattle Promise Enhancements

Attachment 1 – Seattle Promise Enhancements

| Enhancement Title | Description |
|--|---|
| A. Increasing the Equity Scholarship | Expand eligibility for the Equity Scholarship from 0 Expected Family Contribution (EFC) to align with Pell Grant eligibility (approximately 5000 EFC), and increase the scholarship amount from \$500/quarter to \$1,000/quarter |
| B. Enhance Support for Students | Provide additional funding to Seattle Colleges so they can differentiate students supports to meet individual needs, which may include more support staff (e.g., retention specialists, academic and financial aid advisors, etc.), and new support programs for specific populations and student experiences |
| C. Program Re-Entry for Students | Allow re-entry into the program for Cohort 2019 and Cohort 2020 students, allowing up to three additional quarters of continued Promise support |
| D. Readiness Academy / Academic Bridge | Support enrollment in the summer quarter for pre-Promise students who need to complete developmental coursework, and provide tailored programming in the fall quarter to bridge students' academic experience from high school to college |
| E. Student Enrollment Fees | Cover the cost of mandatory and general enrollment fees for all students enrolling in summer quarter 2021 and income eligible students for the 2021-22 and 2022-23 school years |
| F. Completion Commitment | Extend program supports up to three quarters for Cohort 2019 and Cohort 2020 Promise students to complete their program/degree |
| G. Sustain Increased Enrollment | Ensure that Promise continues to be accessible to all graduates of Seattle Public Schools' high schools |
| H. Washington State Opportunity Scholarship Investment | Contribute matching funds to the Washington State Opportunity Scholarship program to support 30 scholarships for Promise students |
| I. Transfer Support to 4-Year Colleges | Provide dedicated support for Promise students transferring to the University of Washington, including support for admissions, academic coursework, and progress monitoring |
| J. Program Staffing Support | Provide two additional FTEs (Data Scientist and Strategic Advisor) to support program expansion and implementation |