

Tuesday, June 28, 2005

#### VALUES BASED BUDGET MODELING

Budget Logic is a progressive think tank focused on sensible and sustainable financial solutions for Seattle Public Schools. We believe that values based budget modeling is both an efficient and also an effective method for bringing out the best in Seattle's Public Schools.

#### WHAT WE BELIEVE

To date, the Budget Logic Team has agreed to the following tenets:

- \*We believe that Democracy depends on public education.
- \*We believe that public education drives the regional economy.
- \*We want to guarantee that every child has opportunity.
- \*We believe that it is imperative that we graduate more than 50% or 60% of the students.
- \*We believe that schools are an integral part of our communities.
- \*We believe that racism is intolerable.
- \*We believe in neighborhood schools.
- \*We believe that schools should prepare a student for work life as well as academic life.

\*We believe that urban teachers should be better compensated to reflect the higher cost of living in the city.

\*We believe that the frequent use of the ballot box for capital levies hurts our faith in the management of the schools.

\*We believe in tax equity. Specifically, property taxes should be assessed uniformly and upgrades and other changes to property value should timelier reflected. We believe in a State income tax.

\*We do not approve of military recruiters on public school campuses.

\*We believe in the power of the grassroots and support the PTA's.

\*We believe that Seattle Public Schools can have a sensible and sustainable budget.

#### SUPPLY-SIDE ANALYSIS

The Budget Logic Team has analyzed the supply side of school funding. The purpose of this paper is threefold: 1.) To present a high level vision framed in progressive values, 2.) To offer specific solutions, and 3.) To recommend further study and analysis.

We have addressed eight broad categories of concern. But, even as we identified our concerns we were inspired by the possibility of positive change. For example, we found solutions that raise graduation rates and decrease drop-out rates. We found solutions that would curb the flight to private schools. We even found solutions to help enable families, whose first language is not English, find ways to contribute and participate in our school communities. All of this, while building a more steady revenue stream for Seattle Public Schools.

EIGHT AREAS OF CONCERN AND OPPORTUNITY

1.) MAXIMIZE REVENUE USING EXISTING ASSETS.

Seattle Public Schools do not make the best use of fixed assets.

a.) NON-SCHOOL PROPERTIES AND FACILITIES SHOULD BE MANAGED TO GENERATE THE BEST INCOME POSSIBLE.

By this we mean buildings and properties that are not used to actively educate our students. For example, we believe that the rent on the Queen Anne High School should be brought up to current standards. Selling Queen Anne High School is a bit like killing the golden goose. A better model may be the University of Washington, which developed the original downtown property into four high-rises, garnering high rents.

b.) SHARE THE BUILDINGS

School buildings sit empty too many days of the year and too many hours of the day. A more active rental program of school property would provide many benefits. For one thing it would make the school building more visible in the community. Renting gym space to adult and adolescent evening programs would help solve the cities shortages of active space. In Maryland, some time ago, a late night basketball league was created and the result was a large drop in nighttime adolescent crime. Bringing community meetings into our public schools would involve the communities in the activities of our schools - there is a touch point to invite visitors to the plays, sporting events and recitals - another income source. Using the school as community space also increases awareness to school issues like the need for volunteers or help with a capital improvement.

c.) MULTI-SERVICE PARTNERSHIPS HELP PAY OVERHEAD

It is true that some schools have a decreased student population. Because the number of students determines the number of dollars received from the State this decrease in population has been a tough blow. As it turns out, these same schools tend to be the schools with the higher levels of free or reduced lunch recipients. Throughout the country, many school districts have seized this opportunity to partner with service agencies. The schools become multi-service agencies. The way this works is that the individual school determines the needs of campus families. For example, do families need ESL classes or a TANF liason or some multiple of agencies? The district then partners with those agencies for school space. The rent from the agencies helps with heat and lights in the schools. It usually benefits the agencies to have a satellite office. Instead of busing around through a maze of complicated services the parents are on campus and usually stay to volunteer. Finally, parental involvement in the school community dramatically improves graduation rates.

d.) PROVIDE BEFORE/AFTER SCHOOL CARE AND SEASONAL BREAK PROGRAMS

Seattle has a chronic shortage of before and after school care. Spring break, winter break and summer are challenging for working parents. The cities private schools routinely offer before and after school care and run programs during seasonal breaks. This is attractive to parents for the convenience and good for the children because it reduces transitions. However, we believe that there are several benefits. This would increase the number of students enrolled in public schools, provide jobs and reduce transitions for students, which increases learning time. Because these programs must operate on a sliding scale in the public schools, we recommend that profitability, including projections on increased enrollment,

be studied and that the intangible benefits be assigned value.

2.) INCREASE ENROLLMENT

Enrollment declines adversely affect the bottomline.

a.) PRIVATE SCHOOLS / HOME SCHOOLS

About a third of Seattle's school age population is not enrolled in the Public School System. In general, there are three categories of non-enrolled families. First, there are the families that value a religious education. Second, there are the families of means that view the school communities as an opportunity to network with their peers. Third, there are the families that do not feel well served by the public school system and, although it is a stretch, they are willing to pay the tuition. Only the third category of non-enrolled families is likely to be persuaded to return. In addition to providing before / after school and seasonal break care. One opportunity for improvement is the timing of the school choice decision letter. Independent schools make their decisions much earlier. Parents have already made payments by they time the Public school letter arrives. The investment ensures that the parent is committed and not returning. We recommend that the District take a serious look at the migration.

b.) IMPROVE GRADUATION RATES / REDUCE DROP-OUT RATES

By far, the greatest attrition is in the number of students that leave without graduating. This rate is reported as about 40%. The implied 60% graduation rate includes GED recipients. A recent Harvard study concludes that the GED rate is likely between 10% and 15%. In reality, the total graduating population is between 45% and 50%. Because this issue is so serious the Budget Logic Team has eight recommendations for remedy.

i.) EXPERIENCED TEACHER / PUPIL RELATIONSHIP  
CRUCIAL

Take care of teachers, the number one thing a school system can do to increase graduation rates is to take very good care of its teacher force. Retention of experience teachers is crucial. Teachers must be relieved of as many non-student activities as possible. The use of volunteers and community partners needs to be maximized. Teachers must be able to afford to live in the communities where they teach. Urban teacher salaries need to reflect the higher cost of city living.

ii.) TEAM TEACHING AND SMALL SCHOOLS

The late General John Stanford had it right. The communities of educators within the school are a community in their own right. Teams of teachers can coordinate the school experience with greater depth, fewer distractions, and with a more seamless delivery. Teams of teachers in a small schools environment together are the best way to increase graduation rates and reduce drop-out rates. One caveat, small schools - or the schools within schools movement -- does not necessarily require expensive remodeling. We believe that this is a misconception. Small schools only require that a team of teachers be physically located near each other and that students identify with their school within a school.

iii.) PARENTAL PARTNERSHIP IS CRUCIAL

Providing multiple services on campus by contracting with service agencies brings parents on campus. It provides multitude of opportunities to build that key partnership.

iv.) COMMUNITY INVOLVEMENT IN THE SCHOOLS IS IRREPLACEABLE.

Community partnerships bring a number of benefits. Local businesses and senior centers could lend volunteers to help teachers have more time to teach. Business partners help with emergency supply shortages. Schools in the communities and communities in the schools give Seattle the small town advantage in each and every neighborhood.

v.) EXPAND HEADSTART

Many students disengage early from school and become destined to drop out because they were not ready to learn upon enrollment. We recommend that Head Start be fully funded. We further recommend that Head Start be integrated as an on-campus experience. This would bring revenue on-campus.

vi.) ADDRESS LEARNING CHALLENGES EARLY

Forty percent of the students in juvenile detention have undiagnosed learning disabilities. In other words, they became disengaged from school for reasons that could have been addressed easily. We recommend that the schools take an active roll in diagnosing learning disabilities. This recommendation presents an opportunity for community partnership with other agencies.

vii.) BUILD A SKILLS CENTER

Many students who leave school close to graduation time do not believe that a high school education is relevant. The closest Skills Center for Seattle Public School students is in SeaTac. We recommend the District consider a state funded Skills

Center designed specifically for our students.

viii.) MULTI-SERVICE APPROACH RETAINS ENGLISH LANGUAGE LEARNERS

Seattle is a port city with 90 first languages spoken. People come to Seattle from 120 countries. The older school children of these families find that they master English earlier than their parents. The parents then rely on their students to help with family business such as doctor appointments, insurance meetings, parent teacher conferences for younger children and the like. These responsible students become penalized for non-attendance, tardiness and so forth. By renting space other agencies to teach ESL, DSHS, TANF these newly arrived families can more quickly become a part of the community and rely less on their older students for guidance. The students will be much more likely to graduate. The parents will be able to participate in the school community. The partnerships generate revenue.

3.) GENERATE REVENUE BY EXPANDING HEAD START and BUILDING A SKILLS CENTER

There are too many zero's on the income side of the Seattle Public Schools. This section could be subtitled: "Goodbye Timber Dollars and Hello New Economy". The Budget Logic Team applauds Governor Gregoire for her Washington Learns Program. It is an 18-month bi-partisan panel to study school funding in Washington State.

Two income sources for the Seattle Public Schools are notably missing: Headstart and Skills Centers. Both have myriad of benefits including increasing the graduation rates, jobs creation and income for the schools. We recommend that Seattle Public Schools incorporate these income streams onto school campuses.

4.) DEMAND REMEDY FROM LEGISLATORS: SEATTLE IS A UNIQUE CASE

In caselaw, the three Doran decisions helped to define what should be funded by the State as "basic education". The definition put a unique burden on the Seattle Public Schools. A burden not shared by any other district in the state. First, anti-discrimination measures are not funded. Second, special population children with extra needs are not covered by the basic education obligation. Third, nothing more than a remedial bilingual education program is covered under basic education costs. What is different about Seattle than all other school districts? First, Seattle was redlined in the 1940's and people were physically segregated illegally into the 1970's. Second, Seattle is home to the world-renowned Children's Hospital and Regional Medical Center. People move their families to Seattle to have access to this local asset. Finally, Seattle is a port city with people from over 120 countries who speak 90 first languages. The Budget Logic Team recommends legislative action to address the definition of basic education to better address Seattle's unique needs.

On the flip side, Doran requires the local schools to foot the bill for gifted education and food service and extra curricular activities. We have no recommendations as to how to increased local funding for either gifted programs or for food service. We do, however, have two recommendations for the funding of extracurricular curricular activities.

a.) ENDOW THE ARTS FOR PUBLIC EDUCATION

First endow the arts for public education. Include the entire city arts community as partners to both increase patronage and also create an endowment. The endowment would be used for more artist in residence programs, theatre and gallery field trips supplies and, of course, permanent teaching positions.

b.) BUILD A CITYWIDE BOOSTER BASE

Second, call on the greater community to become boosters of our sports programs. Every school sports team should have community partners to be there at the games, help raise money for better uniforms, assist coaches and encourage our student athletes. Communities in the schools and schools in the communities: This is another example of how we can give every school the small town advantage. The local media is crucial in helping build an all-city interest in our school sports.

5.) ASSESS PROPERTY TAXES MORE EFFICIENTLY

Do we have to raise taxes to better pay for public schools? No not necessarily, the Budget Logic Team believes that better collection of taxes that are due and owing could raise Washington State revenue by 8% - 12%. We believe this because RCW 84.40.160, amended in 1997 created the unintended consequence of dual mapping systems in many counties across the State. King County has one of these dual systems. Errors in mapping real property compound into errors in tax assessment and collection. A second issue with tax collection is that permitting for things like new construction, remodeling or platting usually do not get assessed at the higher tax value right away. In some cases the lag time is years because the new tax is not assessed until the following revaluation period. Combined together, the Budget Logic Team believes this adds up to 8% - 12% less annual revenue. We recommend that the legislative action be taken to assist with timelier and more accurate assessments.

Local funding for schools runs 15.6% from property taxes. Property taxes amount to 11% of the State General Fund. The State General Fund is 70% of the funding for local schools.

6.) MAINTENANCE MANAGEMENT SAVES SEVEN TIMES OVER CRISIS SPENDING

Deferred maintenance and GASB 34. The Governmental Accounting Standards Board (GASB) spent 15 years aligning the way government cares for its fixed assets with the way that business always has. The general idea is that the entity takes an inventory of everything it owns and notes its condition, when it was last maintained and when replacement is due. This GASB 34 provides a wonderful opportunity to plan a maintenance management program. In fact, in the Public Works arena, it has long been held that for every \$1.00 spent on maintenance management, \$7.00 is saved on crisis spending. Deferred maintenance proved unhealthy when the District forgot to finish replacing lead pipes. Deferring maintenance leads to the closing of historic buildings because, like classic cars, if you don't keep them up soon it is more expensive to catch-up than to replace. The Budget Logic Team recommends that the time and resources be spent to plan a detailed maintenance management plan. Then, we insist that the schools not shirk in following through.

7.) NO CHILD LEFT BEHIND, EXPENSIVE AND DANGEROUS

NCLB and other unfunded mandates, are they worth 9.5% of the funding? The Budget Logic Team believes that the 9.5% of school funding received from the federal government may actually cost more than it is worth. There are the tangible costs associated with unfunded mandates, such as reporting and testing requirements. There are also immeasurable costs, such as the military's absolute right to recruit our children on our campuses. The No Child Left Behind Act (NCLB) is marching us directly toward the privatization of our public schools. A move that undermines Democracy as we know it. The Budget Logic Team believes that a top priority of funding reform should include scenarios that distance the schools from federal funding.

8.) CONSIDER DEBT LEVY

Debt Levy versus another capital levy. Because the budget crisis du jour represents about 5% of the total budget we could not help but notice that this is the same amount the Seattle Public Schools is paying to debt service. We recommend that the viability of a debt levy be studied. If the schools are not maxed out on their "credit cards" then there is more wiggle room when something comes up that throws off the budget. Because we think that chronic reliance on capital levies have weakened voter trust, we feel that a debt levy might help manage money a little better. In future, better management might help to restore voter confidence.

NEXT STEPS FOR BUDGET LOGIC

A. THIS POSITION PAPER

The Budget Logic Steering Committee must decide what the next steps should logically be. Options include analyzing the patterns of spending or to look at the infrastructure and management of the system. Another option is to prioritize the findings of this position paper, research further and put into action our supported findings.

B. ACT LIKE A THINK TANK

According to George Lakoff, at a recent breakfast at the Seattle Central Library, we need the following in order to act like a think tank:

1. 2 dozen ready to talk people
2. Materials, printed and ready to go
3. Bookers. People who actively seek radio and TV time.
4. Writers. Press releases.
5. Event planners.
6. Schedule constant offenses.

