

FISCAL NOTE FOR NON-CAPITAL PROJECTS

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Legislation Title:

AN ORDINANCE relating to funding and providing preschool services for Seattle children; requesting that a special election be held concurrent with the November 4, 2014 general election for submission to the qualified electors of the City of a proposition to lift the limit on regular property taxes under Chapter 84.55 RCW and authorize the City to levy additional taxes for up to four years for the purpose of providing accessible high-quality preschool services for Seattle children designed to improve their readiness for school and to support their subsequent academic achievement; adopting the Seattle Preschool Program Action Plan; requiring the adoption of an Implementation Plan by the City Council; authorizing creation of a new subfund; directing the application of levy proceeds; establishing eligibility requirements for providers; creating an oversight committee; authorizing implementing agreements for this levy lid lift commonly known as the Seattle Preschool Program Levy; providing for the facilitation of communication between the City and affected groups; providing for a partnership agreement with Seattle School District No. 1; requiring annual progress reports; proposing a ballot title; and ratifying and confirming certain prior acts.

Summary of the Legislation:

The proposed ordinance would submit a \$58 million, four-year Seattle Preschool Program Levy (“Levy”) package to Seattle voters for their approval in the fall of 2014. The proposed Levy would be raised under the provisions of RCW 84.55.060, which allows a city to obtain voter approval to exceed the “lid” on regular property taxes for any purposes. Levy proceeds would be intended for the following preschool services programs for the period September 2015-August 2019:

- 1) **School Readiness.** Major program elements include full day high-quality preschool for Three-year olds and Four-year olds.
- 2) **Program Support: Professional Development and Training.** Major program elements include professional development, coaching and mentoring of instructional staff on an ongoing basis; training for preschool directors and program supervisors; available training for teachers in areas of specific expertise including inclusion, bilingual education, cultural competence, and training and consultation to ameliorate challenging behaviors; successful transitions from home or other care situations and to kindergarten.
- 3) **Capacity building.** Major program elements include tuition support and degree pathway advising for teaching staff to attain required educational credentials from accredited institutions of higher education, facility construction, renovations, and improvements as needed, classroom start-up, and organizational capacity building.

- 4) **Research and Evaluation.** Major program elements include not only external, independent evaluation of both program implementation, and short- and long-term evaluation of outcomes and programmatic impacts, but also the creation of necessary data tracking systems.
- 5) **Administration.** Major elements include City staff or contracted services to oversee quality assurance, enrollment management, contract monitoring, policy and planning, community outreach, and reporting results.

Background:

In September 2013, the City Council unanimously passed Resolution 31478, which outlined a set of tasks associated with advancing efforts to achieve voluntary, high-quality preschool for three- and four-year olds in Seattle. The Resolution requested a gap analysis report, which was presented to the City Council in January 2014 and estimated that there are about 12,000 three- and four-year-old children in Seattle, with approximately 63% to 73% of them, respectively, in childcare. The Resolution also requested an action plan, proposing parameters of a voluntary, high-quality program. Following a competitive process, the City selected a team comprised of Berk Consulting, Inc., Columbia City Consulting, Dr. Ellen Frede, and Dr. W. Steven Barnett (“the Consultants”) to develop recommendations for the City’s action plan, an interactive financial model to cost out the action plan’s recommendations, and an outreach summary report. The Office for Education conducted extensive outreach to the community between February and April in multiple formats (workshops, community meetings, targeted outreach to the early learning community) to provide feedback and input during the development of the recommendations for the City’s action plan. The Consultants submitted a final draft of the recommendations in early May. Following this, the Executive created the Seattle Preschool Program Action Plan, which includes several of the Consultant recommendations on quality and program elements but also includes new recommendations for City Council’s consideration. The Seattle Preschool Program Action Plan is included as an attachment to Resolution 31527.

X This legislation has financial implications.

Appropriations: N/A

Appropriations Notes: This ordinance includes no appropriations. The budget authority needed to implement the Seattle Preschool Program will be considered as part of the annual budget process or through other ordinances. Levy revenues will support future appropriations.

Anticipated Revenue/Reimbursement Resulting from this Legislation: N/A

Revenue/Reimbursement Notes: This ordinance creates no revenue. However, if the proposed Levy is passed, it will provide revenues totaling \$58,034,730 over four years. The Levy rate and average cost to a homeowner of the proposed Levy are highlighted in Attachment 1 to this fiscal note.

In addition, this legislation assumes the City will receive a variety of revenues from other

sources to help off-set program costs, including tuition. Tuition will be free for families earning up at 300% of the Federal Poverty Level (FPL). This is a change from the proposed legislation, in which tuition was free for families earning up to 200% of FPL. According to the Office for Education (OFE) staff, this change should not negatively impact tuition revenue projections shown in the adopted Action Plan.

The new sliding scale fee includes the following underlying assumptions:

Federal poverty levels and % applied to gross family income									
% of FPL	At or below 300%	301%- 359%	360%- 399%	400%- 419%	420%- 459%	460%- 519%	520%- 619%	620%- 760%	760% and above
% of gross income to be paid towards tuition	Free	1.75%	2%	3%	3.50%	3.75%	4.50%	4.75%	95% of tuition

It is unknown how many families at particular income levels will participate, thus, there is some inherent uncertainty in the tuition revenue projections. Revenues from other revenue sources also have a certain amount of uncertainty as they are based on estimates of participation rates of lower-income children.

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N/A

Position Notes: This ordinance creates no new positions. Implementation of the Seattle Preschool Program will require a number of new positions. Positions will be added as part of the annual budget process or through other ordinances. Seattle Preschool Program Levy revenues will provide the funding for these positions.

Spending/Cash Flow: N/A

Spending/Cash Flow Notes:

Projected Expenditure and Revenues for the Seattle Preschool Program Levy are included in Attachment 2.

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
As noted above, this legislation does not directly result in appropriation or position changes, but if it is approved by City Council and a ballot measure is approved by Seattle's citizens, the average cost to a Seattle homeowner will increase during the four-year levy.
- b) **What is the financial cost of not implementing the legislation?**
The City would not be able to provide high-quality, voluntary preschool to three- and four-year-olds and help them be better prepared for school and life.
- c) **Does this legislation affect any departments besides the originating department?**
No.
- d) **What are the possible alternatives to the legislation that could achieve the same or**

similar objectives?

There are no other funding sources available to the City that will accomplish these objectives.

e) Is a public hearing required for this legislation?

A City Council public hearing is scheduled on Thursday, May 29.

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

g) Does this legislation affect a piece of property?

No.

h) Other Issues: None.

List attachments to the fiscal note below:

Attachment 1: Levy Rate and Annual Cost to Homeowner

Attachment 2: Projected Expenditures and Revenues for the 2014 Seattle Preschool Program
Levy