SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE relating to regular property taxes; providing for the submission to the qualified electors of the City at an election to be held on November 6, 2018, 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 seven years for the purpose of providing education services designed to improve access to early learning and high-quality preschool, K-12 school and community-based investments, K-12 school health, and post-secondary and job readiness opportunities for Seattle students; implementing exemptions for low income seniors, disabled veterans, and other people who are disabled as defined in RCW 84.36.381; authorizing a creation of a designated fund; directing the application of levy proceeds; establishing eligibility requirements for partners; establishing accountability and reporting structures; providing for the facilitation of communication between the City and stakeholders; providing for partnership agreements with Seattle School District and Seattle Colleges District; requiring a forthcoming Implementation and Evaluation Plan; proposing a ballot title; and authorizing the implementation of agreements for this levy lid lift which will be commonly known as the Families, Education, Preschool, and Promise Levy.

Summary and background of the Legislation:

The proposed ordinance would submit a $619.6 million, seven-year Families, Education, Preschool, and Promise (FEPP) Levy to Seattle voters for their approval in the fall of 2018. The proposed Levy would be raised under the provisions of RCW 84.55.050, which allows a city to obtain voter approval to exceed the “lid” on regular property taxes for any purposes.

The FEPP Levy is projected to invest $637.8 million beginning in 2019 for seven years. Of that amount, only $619.6 million will be levied as there exist other funding sources which offset costs (Attachment 1). In 2019, the levy would add approximately $0.365 per $1,000 of assessed value in additional taxes and cost the median assessed valued residence of $665,000 approximately $242.

The FEPP Levy marks a new opportunity for City of Seattle investments. As both the Families and Education Levy and the Seattle Preschool Program Levy expire in 2018, for the first time, the City’s education levy will invest across the education continuum, preschool to post-secondary. The FEPP Levy will support children as they enter preschool, transition to the K-12 system and on to post-secondary learning opportunities and career. FEPP Levy proceeds will be collected for seven years beginning in 2019.

The FEPP Levy focuses on the core connections of investments across a continuum of ages and needs. The objectives of the FEPP Levy include the following: increase the number of children in quality preschool; maintain support for K-12 and community investments, including school-based health services and supports for students most in need; and expand access to college for Seattle public school graduates through support for the Seattle Promise College Tuition Program (Seattle Promise).

This continuum of investments is comprised of four building blocks: Preschool and Early Learning, K-12 School & Community-Based Investments, K-12 School Health, and the Seattle Promise.

1) **Preschool and Early Learning**
The FEPP Levy continues to expand the Seattle Preschool Program (SPP), which offers high-quality, affordable preschool to Seattle's three- and four-year-old children. The program provides quality coaching and curriculum training for participating teachers to ensure a high-quality early education experience and to promote kindergarten readiness. Financial support, in the form of subsidies, will be provided to all families, with larger tuition reductions for low- and middle-income families to ensure the program is affordable to all Seattle families. The Preschool and Early Learning investment area also includes funding for the Pathway program, a pipeline for preschool providers who need more time or resources to meet SPP requirements, and financial support for before- and after-school care for eligible SPP and Pathway children. Students in SPP engage in a full-time (six hours per day), research-based curriculum taught by qualified staff in a positive early childhood learning environment. Over the course of the FEPP Levy, the number of children in preschool is expected to grow by 65% from an enrollment of 1,500 in the 2018-19 SY (final year of previous levy) to approximately 2,500 children by the end of the FEPP levy term (2025-26 SY). The FEPP Levy will continue to invest in promising initiatives to further special education inclusion classrooms, dual-language programming, and structure to support family child care providers. The FEPP Levy will continue the Family Child Care (FCC) Pilot that began with the 2014 SPP Levy and city-wide system investments in teacher education and early learning facilities. The FEPP Levy will also provide support for a child care mentorship program for prospective child care providers and a child care voucher program for homeless Seattle families.

2) **K-12 School & Community-Based Investments**
The proposed FEPP Levy realigns K-12 investments to include not only closing academic achievement gaps, but also closing opportunity gaps to increase the number of Seattle public school graduates who are successful in pursuing post-secondary opportunities. Opportunity gaps arise when some groups of students have access and exposure to learning opportunities while other groups of students do not. Such opportunities include but are not limited to expanded learning opportunities, exposure to college and job pathways, and personalized support for college and job success. The FEPP Levy strategies directly support preparing K-12 students for post-secondary success, including readiness to transition to Seattle Promise. At a time when the Washington State Legislature is providing the Seattle Public School District with significantly more resources for basic education, the City can continue investments in K-12 and focus on

areas that are not considered basic education, yet likely have significant impacts on students' lives and the reduction of opportunity gaps.

The FEPP Levy adds new investments such as supports for students experiencing homelessness, teacher diversity with a focus on African American/Black and bilingual teachers, and funding for the Our Best Initiative—specifically culturally-responsive programming and culture- and gender-specific mentoring for Black men and boys.

The FEPP Levy also contains a new K-12 investment are known as "Opportunity and Access." Opportunity and Access funding will support strategies such as, but not limited to: out-of-school time programming and year-round learning, academic tutoring, mentoring, case management, social, emotional and behavioral skill building, culturally-responsive programming, science, technology, engineering, and math (STEM) learning, family engagement activities, and college and job readiness activities. The FEPP Levy also restores funding for the Family Support Program (FSP), funding for which had been ramped down throughout the 2011 Families and Education Levy.

To help with programming transition, the first year of the FEPP Levy (2019-20 SY) will maintain most existing programming from the 2011 Families and Education Levy while also adding the new investments identified above (homelessness, teacher diversity, Our Best). The second year of the new levy (2020-21 SY) is the first year that all funding will reflect changing priorities to a focus on opportunity gap closing investments.

New K-12 investments, which are funded for the full seven-year Levy, include:

- Students Experiencing Homelessness: This investment adds $4 million over the seven-year levy. The City recognizes that the single most important factor to student achievement is being stably housed. The goal of this investment is to identify homeless students and create a pipeline of rapid referrals, so families can receive rapid rehousing and stabilization services, and students can receive additional academic support at school while in a period of transition.
- Increase Teacher Diversity: This investment adds $5 million over the seven-year levy to increase diversity in the teacher workforce, with a focus on African American/Black and bilingual teachers.
- Our Best: The Our Best Initiative investment adds $5.6 million over the seven-year levy. The investment seeks to advance Black male achievement through two strategies (1. Culturally-responsive school-based programming; 2. Culture- and gender-specific mentoring for Black men and boys) and program support.

3) **K-12 School Health**

Since the first Families and Education Levy in 1990, the City has invested in school-based health services. Starting with a clinic in Rainier Beach High School in 1990, expenditures have grown to include clinic services in 25 elementary, middle, and high schools; school nursing; an oral health program; and a mental health enhancement to clinic services. School-based health centers exist in each of the ten SPS comprehensive high schools, five middle schools, eight elementary schools, World School and Interagency Academy. The FEPP Levy continues funding for school-based health

centers, oral health, mental health, and school nurses. The proposed FEPP Levy also adds funding for four new school-based health centers in two middle schools and two high schools.

4) **Seattle Promise**
The Seattle Promise first received City funding in the 2017 Adopted Budget. The program initially served graduates from Rainier Beach, Cleveland, and Chief Sealth high schools who were eligible for one year of funding at South Seattle College. In 2018, the program expanded to include West Seattle, Garfield, and Ingraham high schools.

In year one of the Levy (2019-20 SY), the Seattle Promise will expand to serve graduates of all Seattle public high schools, allowing them to attend South, Central, or North Seattle College. The Seattle Promise is a "last dollar" tuition program that will provide financial support to students who still have a financial need after receiving state and federal awards, grants, and scholarships. The Seattle Promise also includes investments in targeted wraparound support services to address barriers preventing some students from matriculating and persisting to certificate, credential, or degree attainment. The Seattle Promise includes funding for the Seattle Colleges to provide readiness supports at both the high-school and college level. The Seattle Promise will fund orientations, tours, assistance with college and financial aid applications, including WASFA and/or FAFSA forms, and a "readiness academy" for high school seniors. At the college level, the Seattle Promise will fund counseling, guidance, support, and access to non-tuition financial support to minimize barriers to post-secondary success to be used for such items as textbooks, transportation, childcare, equipment fees, etc.

The Seattle Promise will be administered by the Seattle Colleges. The FEPP Levy will provide support for high school student outreach and support staff, college student outreach and support staff, 13th and 14th year scholarships, wraparound services, non-tuition financial support, and program support. The program also pays a portion of Seattle Colleges administration/overhead, which will help the Seattle Colleges update their IT systems and meet data and evaluation reporting needs. The Seattle Colleges are embarking on a fundraising campaign to fund their endowment with the intent of making the Seattle Promise financially sustainable after the completion of this levy.

Background on education levies in Seattle:
The Families and Education Levy: In 2011, voters approved the Families and Education Levy (FEL) for the fourth time and invested $231.5 million over seven years. The 2011 renewal maintained a focus on academic outcomes, adopted in 2004, along with a process of continuous quality improvement and performance-based contracting.

The Seattle Preschool Program Levy: In 2014, voters approved the Seattle Preschool Program (SPP) Levy investing $58 million over four years. It was specifically intended to expire at the same time as FEL to give policy makers an opportunity to consider the full education continuum of preschool through post-secondary when developing renewal options.

Previously, Seattle voters have approved education levies in the amounts of:

- 1990: $69.2 million (seven-year)
- 1997: $69.0 million (seven-year)
- 2004: $116.8 million (seven-year)
- 2011: $231.5 million (seven-year)
- 2014: $58 million (four-year)

Seattle continues to have an urgent need to provide education-support services, beyond those delivered by SPS in the public K-12 system, to address inequities in school readiness, opportunity gaps, high school graduation, and college and job readiness. The proposed FEPP Levy will position the City to continue and more effectively address the academic, social, and emotional needs of Seattle students.

Background on levy lid lifts

Per RCW 84.55.010, the Council may not increase regular property taxes above 1% without a vote of the people. RCW 84.55.050 allows a city to place on the ballot and obtain voter approval to exceed this 1% "lid" on regular property taxes for any purposes and may limit the purpose, amount and duration of any such levy. It further, in accordance with RCW 84.36.381, allows the Council to identify in the authorizing ordinance of a levy lid lift that the levy will be subject to the low-income senior, disabled retiree, and disabled veteran property tax exemption.

2. CAPITAL IMPROVEMENT PROGRAM

a. Does this legislation create, fund, or amend a CIP Project? ___ Yes __X__ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

a. Does this legislation amend the Adopted Budget? ___ Yes _X___ No

This ordinance includes no appropriations. The budget authority needed to implement the FEPP Levy will be considered as part of the annual budget process or through other ordinances. FEPP Levy revenues will support future appropriations. The fiscal note attachments contain the spending plan for the levy program and the anticipated revenue from the proposed levy for the next seven years.

b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No. The passage of the levy will result in an increase in annual expenditures for the next seven years; these costs are summarized in the Attachments section below.

c. Is there financial cost or other impacts of *not* implementing the legislation?

If this legislation and ballot measure do not pass, the City will lose its funding source for a number of critical investments: the Seattle Preschool Program, which provides free or affordable preschool to over a thousand three- and four-year-old children in Seattle; school based health clinics, which provide critical physical, mental, and oral health services; K-12 school and community-based investments; and the newly rolled out Seattle Promise College Tuition Program. Additionally, the City would not be able to

introduce new programs to better serve students experiencing homelessness or to increase teacher diversity including African American/Black and bilingual educators.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?
For the most part, FEPP Levy proceeds will be administered by DEEL, with investments going to partners, schools, and community-based organizations that support students and families through direct-service provision. DEEL will also work with other City departments such as the Human Services Department on shared initiatives such as supporting students experiencing homelessness. Institutional partners such as Seattle Public Schools and the Seattle Colleges will be required to establish current Partnership Agreements with the City prior to receiving any funds for services. As indicated in the ordinance, the Partnership Agreements will cover items including, but not limited to, data sharing necessary for student enrollment, program evaluations and course corrections, standards for delivery of services, curriculum alignment, sharing of facilities, direct contracting, and other proactive methods for identifying and reaching students and schools most in need of support, as appropriate.

b. Is a public hearing required for this legislation?
City Council public hearings have been scheduled to review historical education levies (2011 Families and Education Levy; 2014 Seattle Preschool Levy) with the Gender Equity, Safe Communities, New Americans, and Education Committee (GESCNA-Ed Committee) and the Select Committee on Families, Education, Preschool, and Promise Levy (Select Committee). The following is a list of briefings that have occurred to date, as well as future scheduled public meetings through June 2018:

- February 14, 2018: GESCNA-Ed Committee
- February 28, 2018: GESCNA-Ed Committee
- March 14, 2018: GESCNA-Ed Committee
- March 26, 2018: Select Committee
- March 28, 2018: GESCNA-Ed Committee
- April 23, 2018: Select Committee
- May 14, 2018: Select Committee
- May 15, 2018: Select Committee Public Hearing
- May 21, 2018: Select Committee
- May 30, 2018: Select Committee Public Hearing
- June 6, 2018: Select Committee
- June 11, 2018: Select Committee

c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?
No.

d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.

e. Does this legislation affect a piece of property?
No.

f. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
The FEPP Levy intends to achieve educational equity and close opportunity gaps for Seattle youth, and is guided by priorities for use of levy proceeds and principles for implementation of levy programs and services. A number of the FEPP Levy priorities and principles align with the principles of the City's Race and Social Justice Initiative:

- Invest in Seattle children, students, families, and communities that have been historically-underserved to increase access to educational opportunities across the education continuum;
- Prioritize investments to ensure educational equity for historically-underserved groups including African American/Black, Hispanic/Latino, Native American, Pacific Islanders, underserved Asian populations, other students of color, refugee and immigrant, homeless, English language learners, and LGBTQ students;
- Ensure ongoing and authentic student, family, and community engagement; and
- Maximize partnerships with cultural- and language-based organizations.

Each of the four core strategies in the proposed levy (Preschool and Early Learning, K-12 School & Community-Based Investments, K-12 School Health, and Seattle Promise) is designed to adhere to the FEPP Levy priorities and principles. In Preschool and Early Learning, all Seattle Preschool Program families will be eligible for tuition support, with larger reductions for low- and middle-income families, to ensure they can access high-quality early learning opportunities. K-12 School & Community-Based Investments are designed to reach students of greatest need through service contracts with schools and community-based organizations, including cultural- and language-based organizations, to offer expanded learning opportunities. K-12 investments continue funding for family support workers, add new funding to support students and families experiencing homelessness, and add new funding to advance the work of the City's Our Best Initiative in the areas of culturally-responsive school-based programming and culture- and gender-specific mentoring for Black men and boys. Additionally, continued investments in the early learning workforce and new investments in K-12 seek to increase teacher diversity including African American/Black and bilingual educators. In K-12 School Health, continued investments at the Seattle World School and Interagency Academy are intended to serve refugees, immigrants, justice-involved, homeless, and other historically-underserved students. In addition, K-12 School Health includes new investments in four additional school-based health centers.

The Seattle Promise is a new investment area for the City of Seattle. It includes investments in wraparound supports designed to reach students who need more services to matriculate and persist in post-secondary education to attain their certificate, credential, or degree. Readiness academy support will help high school seniors enroll in Seattle Promise, apply for financial aid, and bridge the transition from high school to

college. Wraparound supports include non-tuition financial support for items such as textbooks and transportation once enrolled at Seattle Colleges, as well as staff support to help college students persist to certificate, credential, or degree attainment.

As stated in the ordinance, RSJI Racial Equity Toolkits (RETs) may be applied to new City investments and strategies to ensure alignment with the goals of the 2018 Race and Social Justice Initiative Executive Order and to minimize harm and maximize the benefit to Seattle's communities of color. Utilization of RETs will be prioritized to first review new FEPP Levy investments and will continue throughout the duration of the FEPP Levy (until 2025-26 SY) to advance educational equity for Seattle youth.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).
The FEPP Levy continues and expands existing investments in preschool, K-12 school and community-based investments and K-12 school health. The long-term goals of these three investment areas and measures will remain the same: (1) Preschool goal: Enter kindergarten prepared to succeed; Measure: Preschool students entering "Kindergarten Ready" according to fall state assessment; (2) K-12 school and community-based investments goal: Graduate from high school college and job ready; Measure: Graduation rate for students served; (3) K-12 school health goal: Students demonstrate improved academic outcomes; Measures: Attendance and passing core courses for students served.

The FEPP Levy includes a new initiative, the Seattle Promise. The goal of the Seattle Promise investment is to increase access to post-secondary opportunities that promote attainment of a certificate, credential, or degree, measured by the number of students enrolled in Seattle Promise. The FEPP Levy is designed to invest in a continuum of services from preschool through post-secondary, to ensure that students are ready to take advantage of the Promise Program and post-secondary opportunities.

Attachments:

Summary Attachment 1 – FEPP Levy Projected Expenditures and Revenues
Summary Attachment 2 – Levy Rate and Annual Cost to Homeowner