



## News release

### Nov. 7, 2018

#### Everett Public Schools joins other districts in announcing pending cuts

*By the end of 2022, district is projected to be about \$23 million in the red*

Everett, WA – Everett Public Schools has a long record of strong financial management. This fall, the district was honored to have once again been awarded a Certificate of Excellence from the Association of School Business Officials International. Only three other school districts in Washington earned the award this year.

In addition, Everett Public Schools has earned one of the highest bond ratings in the state for public schools. Moody's upgraded the district's rating in 2016 from Aa2 to Aa1. This September, Standard and Poor's affirmed their AA+/stable long-term credit rating of the district. Great ratings translate into better interest rates which equals savings for taxpayers.

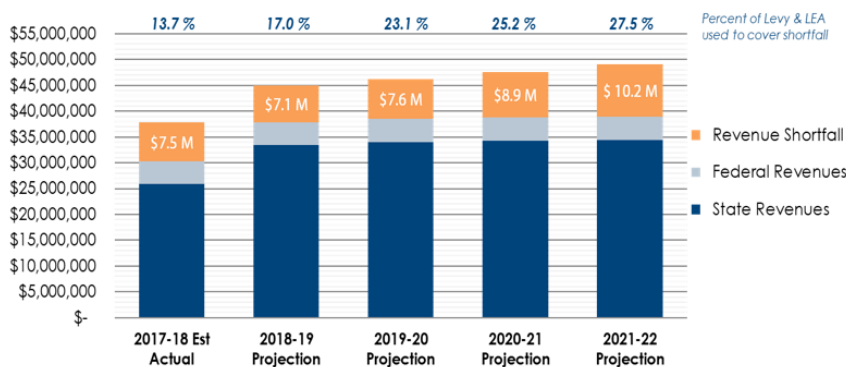
Superior financial stewardship is cumulative. It is built over the long haul and allows the district to continue to spend more money on teaching and teaching support (teachers, paraeducators, teacher-librarians, supplies, health services, etc.) than most school districts its size. For example, the district spent 73.5 percent of its budget on teaching in 2016-17 compared to the average of 71.4 percent.

"This exceptional financial management prepared us well as we face new budget challenges in the upcoming years," states Jeff Moore, Executive Director of Finance and Business Services.

At issue is millions of dollars in increased funding from the state that came as part of the so-called "McCleary Fix" – the state's response to a 2012 state Supreme Court ruling the state was not adequately funding basic education.

#### Special education shortfall continues

- Projected funding shortfall declines some, then grows to \$10.2 M



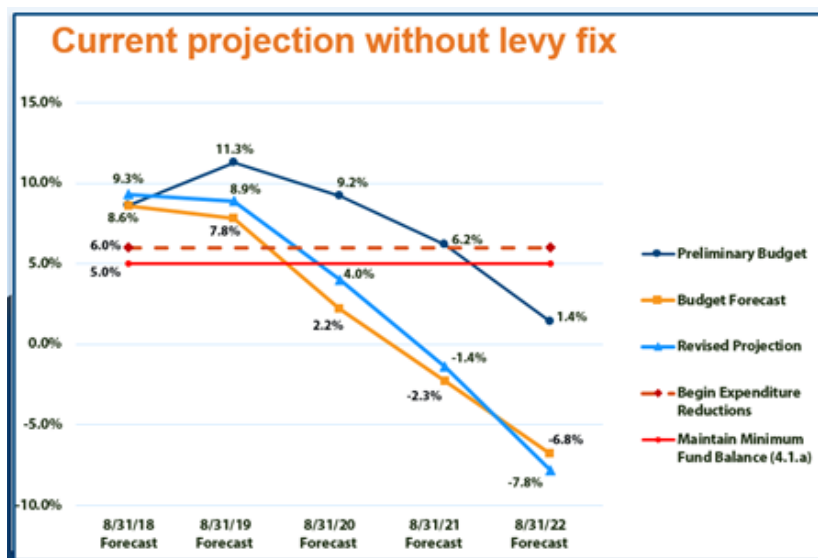
Although the Legislature provided extra funding for school employee compensation this year through the McCleary decision, legislators also reduced the amount school districts could collect through the local operating levy, as well as underfunding vital programs like special education.

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There are other funding gaps from the state including:

- The state allocates \$353,000 for health services, but the district costs are \$2.1 million.
- There is no state funding for school resource officers, and the district pays \$320,000.
- Additional student and staff safety and security costs \$3.95 million, and the state only funds \$417,000.

This lack of funding, if not fixed in the upcoming legislative session, will result in a shortfall in the district's 2019-20 budget. The shortfall will make it necessary to develop budget cuts this spring, as seen in other Washington school districts. Several surrounding school districts have already started announcing their plans for budget cuts. Once the Legislature makes its decisions this winter, district staff can better determine the extent of the budget shortfall.



This spring, the district is looking to cut the 2019-20 budget by 2 percent – or approximately \$6.5 million. The following year the cut could be an additional \$11.5 million.

Reducing a budget by \$6.5 million for 2019-20 could affect entire programs and is likely to include layoffs, although we are not certain how many at this time. If layoffs are necessary, the district will work with affected staff to ensure as much notice as

possible is given. Some reductions could come through attrition or by not filling vacant positions.

Everett Public Schools Superintendent Gary Cohn stated, “The school board is asking the Legislature to modify the levy cap, which was reduced by the Legislature to \$1,500 per student from the voter-approved \$2,500, fully fund special education by increasing the per-student funding and reducing the threshold to access safety net funding, and fully fund the new School Employees Benefit Board (SEBB) system, which is scheduled to take over benefits administration in January 2020.”

These McCleary-related “fixes” are essential for school districts to avoid substantial budget reductions going into next year and the following year.

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**For more information:**

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