



January 27, 2023

Re: Budget

Dear Everett Public Schools' staff:

I would like to follow up with an email I sent [January 10](#) when I shared the school district was predicting a large deficit for the 2023-24 school year and asked for your feedback on budget reduction priorities. There were 1,880 people who participated in the survey, and we appreciate your engagement. I will share survey results in a minute, but first I also want to talk about the predicted deficit, the why behind it and the timeline moving forward.

### **The projected deficit**

School district budgets are complicated, with varying sources of revenue confirmed throughout the year, and many expenses are based on month-to-month enrollments, contracts and vacancies. It is fair to say a budget is a plan for a specific time and is based on predictions and assumptions. These factors make it impossible to say right now the exact deficit we predict next year. Instead, we have a predicted range, and that range may adjust as we get closer to summer. Right now, we are forecasting a deficit in the range of \$30 – 40 million. That is about 7-10 % of the operating budget.

Factors that will help refine that number include:

- Funding related to finalizing enrollment (February)
- Funding from the legislative session (May)
- Salary increases based on cost-of-living set by legislature (May)
- Special services funding from the state (August)
- Levy distribution based on consumer price index (August)

### **The “why” behind the projected deficit**

The majority of school districts in our region and state are dealing with similar budget issues. Some made cuts last year, some will be next year, and some spread their reductions out over more than one year. But the fact is, all districts are dealing with these issues to varying degrees. Here are the factors – the four “why’s – behind our predicted deficit:

1. Increased cost of goods and services
  - Inflation causing higher costs
2. Increased staffing costs
  - Cost of living increase was higher than expected
  - Veteran staff are at the higher end of pay scales
4. The state does not cover all basic education costs
  - Special services underfunding
  - Only covers a percentage of staffing
3. Unpredictable funding
  - Several funding reductions we can estimate, which decreases our ability to meet current expenses.

Each of these four “why’s” are outlined on our [2023-24 budget page](#) if you would like to understand these factors more deeply. The reality is, over the last several years we have added many great supports and services for our students. We see the limitations of the funding model and need to adjust our expenses to be in line with our revenue. We need to right-size the district.

### **The timeline moving forward**

The district has been working with outside financial consultants and soliciting feedback from staff, families, administrators and more to get input on how we can reduce the projected deficit. All this information will be presented to the board of directors at their February 9 board workshop. After the board has time to process the information, they will decide if the district does indeed need to make budget reductions.

If that is confirmed by the board, the superintendent’s cabinet will finalize a reduction plan based on months of work and extensive feedback and make a recommendation to me. I will then review their recommendation and make a final recommendation of reductions to the board of directors who will vote on a resolution on whether to accept the proposed reductions.

The outline of this process can also be found on the budget webpage. It is important for you to know that **no decisions have been made regarding potential reductions at this time.**

### **The feedback you provided**

We were pleased so many of you chose to participate in the budget survey earlier this month. Your feedback validated many of the themes we identified, including the need to preserve the core work of the district, to make reductions at the district-level first and to continue providing a safe environment for learning. We also appreciated the specific suggestions we received for both cost reductions and a potential increase in revenue.

The summary document of your input is on the budget page and is also [linked](#) for your reference.

This is not an easy process for any of us. But I commit to you that our highest priority is to protect the classroom and rigorous instruction for students. I also commit to being transparent about the process. Please visit the [budget webpage](#) often as we will keep it updated with our progress, frequently asked questions and next steps. If at any time you have a question that is not being answered, or perhaps a suggestion on how to reduce the predicted deficit, please email [budget@everettsd.org](mailto:budget@everettsd.org).

Thank you for all you do for our students. I am grateful for each of you.

Stay safe and be well.

Ian