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OUSD to Bridge Funding Gap with Reserves

By Andrea A. Firth

The Orinda Union School District (OUSD) Board of Trustees voted unanimously to tap into the District's reserves if faced with a State funding shortfall for the 2011-2012 school year.

"We are in the unique situation to use our reserves in the event of State funding cuts," said Board President Matt Moran, "We are fortunate, not lucky. There has been planning." In addition to the State-mandated 3% reserve, OUSD has an additional 17% reserve, or \$4 million.

If the temporary taxes were renewed as Governor Brown proposes and flat funding for schools achieved, OUSD would end up just about even, according to Jerry Bucci, the District's Director of Business Services. "But even, is not quite even," said Bucci, adding that OUSD is down 18% to 20% of what it should legally receive from the State due to the school funding reductions that have been implemented over the past few years.

Bucci presented the Board with two other scenarios that would necessitate dipping into the District's reserves. If the State's temporary taxes are not extended, OUSD will lose a little over \$700K in State funding, about \$330 student. If the State also suspends Prop 98, a voter-enacted proposition that guarantees a minimum level of school funding, OUSD will face a funding reduction of \$1.5 million.

"Over the past few years, we've taken all the fat, then the muscle, and we're down to shaving bone," said Moran.

The Board felt the use of reserves to bridge any potential funding shortfall in the next school year would eliminate the anxiety of proposing teacher layoffs and give the District a year to review and plan for how to fill the budget gap.

"We do have the ability to float the District for a year," said Trustee Pat Rudebusch.

"I really don't want to hand out pink slips [teacher lay off notices] in March, so using reserves in this situation makes sense," said Trustee Julie Rossiter, but she voiced concern regarding how quickly reserves can be depleted.

Trustee Tyson Krumholz supported the use of reserve funds to address a funding shortfall, however he repeatedly voiced his concern regarding administrative costs and called for a simultaneous review of administrative salaries to ensure equity with other Districts in the area. "We have positions that are paid more than the going rate," said Krumholz, "I'm not completely comfortable with dipping into reserves without reviewing this."

The previous Board of Trustees reviewed management salaries in November of 2010 and voted 3 to 2 to adopt one of two revised salary schedules proposed.

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