

# 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 addition a 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 reduc-

tion 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.

# Lafayette School Budget Dilemma Continues

By Cathy Tyson

At a recent Lafayette School District meeting, the Board reviewed a proposed Budget Reduction Plan. It wasn't pretty.

"We are wrangling with how to address a \$2.2 million dollar structural deficit," said District Superintendent Dr. Fred Brill. To make matters worse, "We are operating with incomplete information." A number of important budget components are unknown, including whether Parcel B – the proposed parcel tax – will pass; what action will be taken in Sacramento also remains a mystery.

As Brill sees it, the District is required to submit three years worth of balanced budgets, and if teachers may possibly receive a pink slip, the District is required to give them notice by March 15. Yet the revenue side of the equation won't be

known until June.

"It's a ludicrous situation," said Peggy Marchburn, Chief Communications Officer for Contra Costa County Office of Education, "creating a budget with incomplete information." She explained it's a little like Wimpy from the Popeye cartoons, who will gladly pay Tuesday for a hamburger today. "The County Superintendent's Office is working with districts to offer guidance and on-going support, but the State is withholding funds and it's not a sustainable situation."

To see the Budget Reduction Plan for yourself, go to the Lafayette School District website [www.lafsd.k12.ca.us](http://www.lafsd.k12.ca.us). Concerned residents are encouraged to attend the Wednesday, March 9 Board meeting at 7:00 p.m. at Stanley Middle School, 3455 School Street, Lafayette.

# Moraga School District Finances Going from Bad to Worse

By Cathy Dausman

Moraga School District Superintendent Bruce Burns warns audiences that "this is another year to plan when you don't have all the info." He is busy making the budget presentation rounds, ten to date, "to anybody who will listen to me." The next School Board meeting is March 8, and Burns says "it will be big."

"This is a very interesting time to become Superintendent," says Burns, who is just seven months into the job. "We're doing the right thing," he believes, adding, "I don't want to be an alarmist."

The Moraga School District's (MSD's) last financially stable year was 2007-2008. Since then, it has been deficit-spending; Burns sets the current deficit at \$569,950. According to MSD Chief Business Officer Kathy Bell, the district's 2009-2010 per-student spending was \$8,920.

Even if existing taxes are extended, the district will lose about \$19 per student. After applying a \$280,000 one-time Federal Jobs Act grant, the result is a shortfall of nearly \$34,000. Burns says the MSD might be able to cover this loss by tapping into one-third of its financial reserves. California requires each school district to save 3% of their total revenues; the Moraga School District has saved 4%.

If the taxes are not extended, which Burns describes as "a horrible situation," the loss per student increases to \$349; and the district deficit grows to \$844,000. After budget cuts, reductions and applying reserves there would be a \$230,109 shortfall. Although the per-student dollar loss increases in this case, the shortfall is less than the first scenario because the district would then use two-thirds of its financial reserves.

If enrollment increases the deficit decreases, says Burns. Every unspent line item results in savings applied to the deficit. "Teachers [who have had hours or jobs

cut] have been through this before and it might happen again." Yet this is the scenario the district is planning for, eyeing the March 15 deadline for sending lay-off notices. Burns says the district partially offset staff reductions with funding provided by the Parent Teacher Associations (PTAs) and the Moraga Education Foundation (MEF).

The worst case scenario is one in which taxes are not extended and Prop 98 is suspended – the district would suffer a 1.6 million dollar deficit and a loss of \$650 per student. Even after applying reserve funding, the projected shortfall would be \$748,922. If that happens, revenue loss would increase to \$1200 per student for the 2012-2013 school year. And district reserves would be gone.

The numbers will shift somewhat as expenditures continue during the next four months. Shortfall figures are estimated projections based on the information available to the MSD earlier in the year. "The second interim budget report will likely show a decrease in shortfall numbers as our enrollment increased. Increased enrollment increases revenue and decreases shortfalls," Burns notes.

Burns says twenty five percent of MSD's current operating budget does not come from the State but from sources such as PTAs and MEF. Because of that, he says it is vital to build both funds as well as to personally thank individuals and businesses who have made past contributions. Burns also hopes parents will attend the March 29 statewide PTA Advocacy Day in Sacramento, and "contact your Legislators daily...by phone, e-mail and letter. Let your voice be heard." He adds that the Moraga School District isn't just relying on donations to help ease deficit spending – at this point, Burns stressed, "We're betting on them."



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