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Local school districts anticipate possible budget deficits

By John T. Miller



The Orinda, Lafayette and Moraga school districts will be looking at ways to make ends meet as they face possible deficits in funding for the upcoming year.

While budgets may not actually be cut, difficulties may arise due to increased costs without additional money to cover those expenses.

For example, Superintendent Bruce Burns of Moraga School District points to increased costs of funding the State Teachers Retirement System and the Public Employee Retirement System. "The increased pension costs have no revenue stream," says Burns, "and may require districts such as MSD to plan to reduce expenditures."

The lack of reimbursement for certain mandated costs, such as for special education, has put a stranglehold on the districts. Lafayette School District Superintendent Rachel Zinn said that the federal government originally promised to reimburse 40 cents on the dollar for those costs, but now pays only 18 cents. "With rising special education costs and very little funding coming from the State and federal government to support special education," Zinn said, "we are working with neighboring districts to determine if there are particular types of services that can be shared."

Carolyn Seaton, who is just finishing her first full year as superintendent of Orinda Schools, reports, "Orinda's budget demonstrates that we will be deficit spending by 2018. Cuts will be required if additional revenue sources are not identified."

Seaton added, "The state has reneged on several of its increases to funding, such as additional monies to cover cost of living increases. Additionally, the federal government has threatened cuts to education funding which would also impact our schools."

Another factor contributing to decreased revenue is the California Department of Education Local Control Funding Formula, implemented in 2013-14, which redistributes significant state funding to districts that serve high needs students. For example, in 2014-15, Orinda received less than \$7,000 per pupil, compared to a California average of \$9,200 per pupil. In New York, an average of \$22,000 was spent per pupil. The funding per pupil in the local districts is still below the 2007-08 figure.

One way the districts are looking to cut expenses is through reduction of staff. In Moraga, Burns noted that layoffs would be an outcome of declining enrollment. "We have a uniquely large outgoing eighth grade class with fewer incoming transitional kindergarten and kindergarten students. Fewer students mean fewer staff."

In Lafayette, Zinn and the district are looking at attrition to take care of reduction of positions, with reconfiguring of staff to provide needed support. She speaks for all three districts when she says, "We are trying to make reductions as far away from direct daily classroom instruction with students."

Seaton foresees minimal staff reductions for the 2017-18 school year, but a lack of new revenue may force more drastic cuts for 2018-19.

Districts annually brace for the uncertainty of Proposition 98, which mandates education funding in California. But Burns cautions that "state revenue numbers between January (on which districts begin building budgets) and May could increase or decrease, providing more or less funding for schools."

In fact, the Sacramento Legislative Analyst's Office report published in February predicts that by May, "Revenue in 2017 18 could be significantly higher than assumed in January, with a resulting increase in the minimum guarantee." This would lead to significantly higher state funding for schools.

Lafayette School Board President David Gerson expressed the frustration of trying to run a budget without clarity for how you're going to get funded. "Every year we have to wait until the governor's budget is announced to know what we have."

Budget woes could be a lot worse for the Lamorinda schools if not for the support of the community. Lafayette Partners in Education invested \$2.8 million last year; the Moraga Education Fund granted

\$975,000 for the TK-5th grade programs and \$525,000 to Joaquin Intermediate; while the Educational Foundation of Orinda gave approximately \$1.1 million to the schools, with another \$3.7 million coming from the Parents Clubs of all five OUSD schools.

In addition, generous parcel taxes in each of the cities contribute millions more to the schools. Gerson points out that senior citizens in Lafayette can opt out of the parcel tax. "We are in the process of making an appeal to our seniors to consider foregoing their senior exemption, if they can afford to do so. If even half the seniors who take the exemption would forego it, it could bring almost \$500,000 in revenue back into the district's budget," Zinn said.

No program cuts at Acalanes

At the secondary level, the Acalanes Union High School District faces many similar problems as the other school districts in Lamorinda.

Julie Bautista, the Chief Business Official for AUHSD, estimates that the funding for 2017-18 will not cover costs. "We are projected to deficit fund our programs and operations by \$560,000 due to inadequate state funding." She adds that the initial federal budget proposal would cut about \$100,000.

The district has done some minor trimming of positions, but otherwise does not anticipate any program cuts.

Bautista bemoaned the new state funding program, which shifts more funding to districts with higher percentage of low-wealth, English learner, and foster youth students. "The base funding amount in the new formula is absolutely inadequate for districts and creates an ongoing fiscal challenge for the AUHSD," Bautista said.

She expressed gratitude for the community's value for high quality education through their contributions to the education foundation and the parcel tax funds. "In total," she said, "local funding comprises 21 percent of the district's annual budget."

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