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State throws last-minute lifeline to Lamorinda school districts

By Nick Marnell

All four Lamorinda school districts enter into the next school year facing financial uncertainty, but thanks to a late June compromise by state lawmakers the situation may not be as perilous as it once seemed.

Because of the coronavirus pandemic, California faced a massive revenue shortfall as the state was thrown into a recession, and Gov. Gavin Newsom had proposed cutting K-12 funding by \$6.4 billion for 2021. The state also proposed to delay \$5.9 billion in funding, pushing back payments to schools until next year.

"In all the years I've been teaching, I feel a desperation I've never felt before," Charles Shannon, president of the Orinda Educators Association, told the Orinda Union School District board of trustees, as beleaguered school districts slashed expenditures as they prepared budgets for the coming school year.

But at the last minute, after school district budgets had been approved based on reduced state funding, Newsom and the legislature worked out a deal that rescinded the proposed K-12 cuts. "The state budget will not be quite as bad, with minimal reductions from the 2019-20 budget," John Nickerson, superintendent of the Acalanes Union High School District, said.

Instead of a 10% cut in state funding - the No.1 revenue source for most California school districts - the state will reinstate that revenue. But gone is the 2.31% cost of living adjustment for the next fiscal year.

"It's not the best news, but it is much better than it could have been and very manageable," Richard Whitmore, superintendent of the Lafayette School District, said.

There is a catch. Though the governor eliminated the cuts, he is deferring state payments to the schools until 2021-22, which could present a cash flow problem for school districts. If the federal government provides the state more stimulus dollars, some of those late payments may go away. "But they are significant," Whitmore said.

Cash flow does not appear to be a major concern for Lamorinda school districts. "On the one hand, any deferral is problematic as it decreases the ability to address emergencies," Bruce Burns, superintendent of the Moraga School District, said. "On the other hand, the MSD is prepared for the proposed June to July deferral. In brief, we do have the cash for payments."

Even with the increased funding from the state for 2020-21, school districts face a choppy road ahead.

"Clearly, we have a structural deficit and significant fiscal challenges," Nickerson said, and based on their budget presentations, the same conditions exist in both the Moraga and Orinda Union school districts.

The Lafayette School District looks to be in positive operational shape, thanks in large part to revenue from local parcel taxes. Whitmore said that the \$800,000 district deficit projected for next year will be eliminated by the increased state funding.

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