

# Del Norte schools face budget gaps

The local school district will need to cut into its reserve funds during the next two years, according to budget projections.

Jeff Napier, Del Norte Unified School District's assistant superintendent of business, has said budget deficits were projected for "at least two of the next three years."

With a possible economic downturn on the horizon, district officials say they'll need a fiscal-stability plan aimed at balancing the budget.

Current projections show the district spending more than it receives from local, state and federal sources.

There are about 4,400 students in Del Norte County among traditional schools and other institutions.

Napier said the district will dip into its reserve funds to sustain services and to cover expenses stemming from the "Local Control Accountability Plan."

California requires school districts to keep a 3-percent budget reserve. That's about eight or nine days of payroll, in this case, or about \$1.3 million.

Napier added that economists at the University of California, Los Angeles's Anderson School of Economics are projecting a slowing economy, indicating the possibility of a slight recession beginning in 2021.

The local school board has offered a 1-percent salary schedule increase for teachers as district officials brace for budget hurdles.



Napier said many district employees would see a pay increase on the current salary schedule, which provides increases based on years of service.

Retirement benefits also are increasing.

About 500 people are employed by the school district.

If the Del Norte district continues to dip into its reserves, Napier said, it could be compelled to cut positions if there are no other alternate funding sources.

However, it's also possible that restricted and unrestricted funds could be reconfigured to ease the budget crunch. About 87 percent of the unrestricted budget goes to personnel costs.

"This budget makes me very nervous," Napier said.

"Unless we can increase our revenue somehow, we will be forced to make cuts in order to maintain fiscal stability ... (I)f we don't make some changes, we are at risk of not being able to meet our financial obligations for the next three years."

One possible source of additional revenue boosting student attendance. The district already is closely monitoring those numbers through its "Attention to Attendance" initiative.

Chronic absenteeism, a number of missed days in a period whether excused or otherwise, also is being addressed in hopes of bringing up attendance.

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Napier said that while the focus of the attendance initiative is not revenue, an increase in student attendance would bring in additional funds.

The school district's operating revenue for 2019-2020 is \$44.4 million, about \$350,000 short of the previous year. The district will draw \$450,756 from its reserves for 2019-2020.

In the 2020-2021 budget, operating revenue climbs to \$45.1 million. The projected draw on reserves for that year is \$375,552.

There is \$4.5 million in total restricted and unrestricted reserves at the school district, about 9 percent of the budget total, with \$400,000 earmarked for additional textbook adoption each year.

The average reserve level for a unified district is 17 percent.

Napier noted that the budget figures were not set in stone, as the State of California's budget, though approved, is still in the process of being interpreted in terms of distributing funds to schools.

There will be reviews and possibly revisions throughout the year by both the state and the district, he said, and unforeseen revenue likely would have a positive effect on the school budget's bottom line.

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