

School district gets more money, plans for loan to cover shortfall

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The Del Norte Unified School District has received an unexpected influx of \$6.8 million to its 2020-21 budget, but is still planning as if it has a \$7.7 million deficit due to planned state deferrals.

Assistant Superintendent Jeff Napier explained to the Board of Trustees Aug. 13 DNUSD received one-time COVID-19 relief dollars, which the district can use to fill vacant teaching positions.

However, a stipulation on those funds, is that \$3.17 million must be used by Dec. 30.

Napier said about \$2.86 million is from the Coronavirus Aid, Relief and Economic Security (CARES) Act Congress passed in March, adding the state couldn't use any of that money until its budget was approved June 29. The state also added \$310,652 in Proposition 98 dollars, which must also be spent by Dec. 30.

Another stipulation is the CARES money cannot be spent on personal protective equipment. But Superintendent Jeff Harris said the money could recoup the district on the money it spent, when schools closed in March, to purchase 1,000 additional computers and the retail prices paid for delivered school lunches.

Other additional dollars came when California schools received \$1 billion in learning loss mitigation dollars. That increased the formula for special education funding to about \$625 per student, which Harris called a significant jump for the special education local planning area that Del Norte county belongs to.

However, Napier said if the state does not receive \$13 billion in additional federal COVID-19 relief money, it will defer about \$11 billion to the next fiscal year.

Deferrals are expected to start in February 2021. Napier broke down DNUSD's usual allotments from the state — \$660,000 in February; \$2.2 million in March; \$1 million in April; and \$1 million in May. But with deferrals, that money now won't come until September, October and November of the 2021-22 fiscal year.

Napier explained this leads to the state doubling up allocations in a given month, which may force the state to pay back from its rainy day fund. If this is the case, Napier said the state must then reimburse that fund before it can reimburse school districts.

Harris said the deferrals are like planning a budget with money that isn't really there.

Rather than go that route, Napier said he will bring a resolution regarding a tax revenue anticipation note (TRAN) to the Board of Trustees at its next meeting.

Harris said a TRAN was a like a payday loan the district would use to meet its financial obligations, including paying its staff.

"These are things affecting the whole state," Harris said. "We're not unique in this situation. It is the entire state."

Napier added He he'll have a better idea of how the district's cash flow will be affected by the deferrals when he brings more TRAN information to the next meeting.

"As we're budgeting, we have to anticipate those months we're paying the TRAN back," Napier said. "We may have to make more cuts to our budget just to be able to pay back the TRAN in the next year."