

Strapped School Districts Surge

With 45 on a fiscal watch list, lawmakers approve an expansion of the state's power to fix local problems

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There are many causes for districts' financial problems, education officials say. Like the state's, districts' balance sheets have been hurt by California's economic woes. Some districts have been too optimistic in their assumptions of how much aid they could expect from Sacramento, a problem exacerbated by the state's recent penchant for midyear cuts in assistance.

The Vallejo bailout is the second largest in modern state history, after Sacramento's \$65-million loan to the Oakland Unified School District last year. The state also granted a \$1.3-million loan to West Fresno's elementary district in 2003, and a similar-size loan to the Emery Unified School District in 2001. Loans in the early 1990s went to the West Contra Costa (at the time called Richmond), Coachella Valley and Compton districts.

Most of the districts on the watch list, including all the Southern California ones, have received "qualified certification," which means that, based on projections, they might not meet their financial obligations for the current or coming fiscal years. The certification is based on information provided to the state in January, and is less severe than a "negative certification," which is how Vallejo and eight other districts were categorized this year.

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