



OAKLAND UNIFIED  
SCHOOL DISTRICT  
*Community Schools, Thriving Students*

# 2021-22 Third Interim Report



Presented by Lisa Grant-Dawson, Chief Business Officer

Board of Education Meeting June 1, 2022

# Third Interim Report

# Third Interim Outline

- I. Overview & Summary of Assumptions**
- II. Third Interim - Current Year Projections**
  - A. Unrestricted General Fund Summary & Detail
  - B. Restricted General Fund Summary & Detail
  - C. Form Average Daily Attendance
- III. Multi-Year Projections (MYP) & Cash Flow**
  - A. General Fund Highlights
  - B. MYP Detail
  - C. Cash Flow
- IV. Governor's May Revise**
- V. Next Steps**
- VI. Ancillary Slides from Budget & Finance Meeting**

# Overview of District Financial Accountability

- California school districts are accountable to the State (through the County) for use of funds provided by the state and federal government.
- The process of accountability is prescribed by state law which includes district officials ensuring that the district is able to meet its financial commitments each year and into the future.

## Budget Adoption - By July 1

Projected results for the following fiscal year (July 1 - June 30) | *Ed Code §42127*

## Unaudited Actuals - By Sept 15th

Actual full year results for prior year (July 1 - June 30) | *Ed Code §42100*

## First Interim - By December 15

Updated projections as of October 31st | *Ed Code §42130 & §42131*

## Third Interim - By March 15

Updated projections as of January 31st | *Ed Code §42130 & §42131*

## Third Interim - By June 1

Updated projections as of April 30th | *Ed Code §42130 & §42131* [Required if 2nd Interim is qualified or negative]

# Third Interim - Key Assumptions

OUSD 2021-22 Budget Assumptions -Third Interim			
Year	2021-22	2022-23	2023-24
Cost of Living Adjustment (COLA)	5.07%	5.33%	3.61%
Statutory COLA ***	1.70%	5.33%	3.61%
Compounded COLA (Special Education and Community Colleges Only)	4.05%		
Enrollment	33,457	33,208	30,058
Attendance Used for Funding (Prior Year)	33,911		
Attendance (ADA)	33,911	30,551	30,740
Enrollment to ADA % *	101%	92%	102%
Unduplicated Pupil Count	77.4	79.22	81.23
Salary and Negotiated Increases Adjusted - OEA	2.5%	\$1000/Cell	
Salary and Negotiated Increases BCTC, UAOS, SEIU, MgtConf		6%	
Salary and Negotiated Increases Adjusted - OEA		6%	2.25%
Step & Column	1.3%	1.3%	1.3%
Health Benefit Assumptions **		11.0%	8.5%
Mandatories & Benefits - Certificated	5.63%	5.63%	5.03%
Mandatories & Benefits - Classified	11.83%	11.83%	11.23%
State Teachers Retirement System	16.92%	19.10%	19.10%
California Public Retirement System	22.91%	25.37%	25.20%
<b>Total Mandatories &amp; Benefits Certificated</b>	<b>22.55%</b>	<b>24.73%</b>	<b>24.13%</b>
<b>Total Mandatories &amp; Benefits Classified</b>	<b>34.74%</b>	<b>37.20%</b>	<b>36.43%</b>

\* Note: The District is using the higher of its current or prior year ADA as provided by Education CDE 42238.05, which is currently 2019-20 at 33,911.

\*\* Projected Increase for Kaiser which is the primary benefit selection for the majority of employees.

\*\*\* Adjusted for 2022-23 and 2023-24 since Governor's January Proposal - At First interim was 2.48% and 3.11%

# Third Interim - Fund Balance Summary

## 2021-22 Third Interim Fund Balance Summary

	Unrestricted	Restricted	Total Fund
<b>A. Revenues</b>			
5) Total Revenues	\$ 425,734,694	\$ 460,063,262	\$ 885,797,956
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 314,646,003	\$ 468,847,176	\$ 783,493,179
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 111,088,691	\$ (8,783,914)	\$ 102,304,777
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ (94,580,038)	\$ 89,460,248	\$ (5,119,790)
<b>E. Net Increase (Decrease) in Fund Balance (C +D4)</b>	\$ 16,508,653	\$ 80,676,334	\$ 97,184,987
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 60,443,968	\$ 52,529,552	\$ 112,973,520
b) Restricted		\$ -	
<b>2) Ending Balance, June 30 (E + F1e)</b>	\$ 76,952,621	\$ 133,205,886	\$ 210,158,507

# Third Interim - Net Changes since First Interim

## 2021-22 Unrestricted Third Interim Fund Balance Summary

	Second Interim	Third Interim	Variance
<b>A. Revenues</b>			
5) Total Revenues	\$ 425,104,419	\$ 425,734,694	\$ 630,275
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 326,772,253	\$ 314,646,003	\$ (12,126,250)
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 98,332,166	\$ 111,088,691	\$ 12,756,525
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ (88,689,780)	\$ (94,580,038)	\$ (5,890,258)
<b>E. Net Increase (Decrease) in Fund Balance (C +D4)</b>	\$ 9,642,386	\$ 16,508,653	\$ 6,866,267
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 60,443,968	\$ 60,443,968	\$ -
b) Restricted		\$ -	
2) Ending Balance, June 30 (E + F1e)	\$ 70,086,354	\$ 76,952,621	\$ 6,866,267

# Summary of 2021-22 Unrestricted General Fund Projections at Third Interim (\$Millions)

## How is the District's Unrestricted General Fund Financial Position Projected to Change?

	Third Interim
Beginning Fund Balance	60.4
Ending Fund Balance	76.9

## Why is District's Unrestricted General Fund Financial Position Projected to Change?

	Third Interim
Revenues	425.7
Expenditures	314.6
Net Contributions/Transfers	-(94.6)
<b>Net Increase (Decrease)</b>	<b>16.5</b>



At Third Interim, we expect to end the year with an **increase** in the Unrestricted General Fund Balance of **\$6.9M** since **Second Interim**.

# Material Changes in Unrestricted General Fund Projections since Second Interim

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## Revenues (Unrestricted)

1. Projections are Relatively Flat

## Expenditures (Unrestricted)

1. **\$1.0M Decrease** in projected cost of Certificated Teacher Salaries
  - Adjustment between LCFF and Prop 30 Education Protection Act projection (Offsetting Resources)
2. **\$1.5M Decrease** in Classified Salaries due to reduction in substitute salary projection and Base and Supplemental Clerical Salary Expense
3. **\$2M Decrease** in Benefits due to coinciding changes in salary expenditures and budget adjustment of position versus supplemental salaries.
4. **\$3.4M Increase** in Books and Supplies driven by Central Supplemental investments
5. **\$10.8M Decrease** in Other Services and Operating Expenditures
  - Accounting changes
  - Properly reflect the annual transfer of Measure G1 allocation of ~\$5M that was previously allocated to Object 8990 contributions from Restricted Resources and should be accounted for in Object 5710
  - Adjusted Computer Purchase to Object 5737 as well to properly reflect purchase in the Unrestricted General Fund and offset in a Restricted Grant Resource.
6. **\$6M Increase** in Contribution budget to Special Education

# Summary of 2021-22 Restricted General Fund Projections at Third Interim (\$Millions)

## How is the District's Restricted General Fund Financial Position Projected to Change?

	Third Interim
Beginning Fund Balance	52.8
Ending Fund Balance	133.2

## Why is District's Restricted General Fund Financial Position Projected to Change?

	Third Interim
Revenues	460.0
Expenditures	468.8
Net Contributions/Transfers	89.4
<b>Net Increase (Decrease)</b>	<b>80.7</b>



At Third Interim, we expect to end the year with a **decrease** in the Restricted General Fund Balance of **\$6M\*** since Second Interim

*This is always contingent on all funds being expended*

# Third Interim - Net Changes since First Interim

## 2021-22 Restricted Third Interim Fund Balance Summary

	Second Interim	Third Interim	Variance
<b>A. Revenues</b>			
5) Total Revenues	\$ 436,296,089	\$ 460,063,262	\$ 23,767,173
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 433,177,716	\$ 468,847,176	\$ 35,669,460
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 3,118,373	\$ (8,783,914)	\$ (11,902,287)
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ 83,569,989	\$ 89,460,248	\$ 5,890,259
<b>E. Net Increase (Decrease) in Fund Balance (C +D4)</b>	\$ 86,688,363	\$ 80,676,334	\$ (6,012,028)
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 52,750,104	\$ 52,529,552	\$ (220,552)
b) Restricted		\$ -	
<b>2) Ending Balance, June 30 (E + F1e)</b>	\$ 139,438,466	\$ 133,205,886	\$ (6,232,580)

# Material Changes in Restricted General Fund Projections since First Interim

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## Revenues (Restricted)

### 1. \$23.7M higher than Second Interim Budget

- Property Taxes Transfers
  - Resource 8182 Spec Ed Discretionary \$1.9M
    - IDEA 3305 \$1.8
- Other Federal
  - Resource 5820 Emergency Connectivity Fund \$6.4M
- Other State
  - Resource 6266 Educator Effectiveness Grant Allocation \$7.9M
  - Resource 6547 Special Ed Early Interv Preschool \$2.4M

## Expenditures

### 1. \$12.4M higher than Second Interim Budget

- Certificated Teacher Salaries
  - Resource 6500 Special Education \$1.3M higher
  - Resource 3213 ESSER III \$5M Higher (1x Tentative Agreement Payments)
  - Resource 7425 Expanded Learning Opportunity Grant Lower by \$1.6M
- Pupil Support Salaries
  - Resource 6500 Special Education \$4.5M Higher

# Material Changes in Restricted General Fund Projections since First Interim (Cont.)

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## Expenditures (Restricted)

- Supervisor Admin Salaries \$1.6M Resource 3213 ESSER III (1x Tentative Agreement Payments)
- Pupil Support Salaries \$.413M Resource 3213 ESSER III (1x Tentative Agreement Payments)
- 1. Classified Salaries
  - Classified Support Salaries reduced by \$1.8M
  - Classified Support Salaries \$2.2M Resource 3213 ESSER III (1x Tentative Agreement Payments)
  - Supervisor Administrator \$2.2M Resource 3213 ESSER III (1x Tentative Agreement Payments)
- 2. Books Other Than Textbooks
  - Measure G Parcel Tax \$200K Increase
- 3. Other Services and Operating Expenditures \$24M Higher since Second Interim
  - Sub Agreements for Services
    - Resource 4124 21st Century \$1.1M higher
    - Resource 6010 After School \$2.5M higher
    - Resource 2600 Expanded Learning Opportunity Grant \$1.4M higher
    - Measure G1 - \$5M (Change in accounting practice noted in Unrestricted)
    - Resource 5820 \$6M Emergency Connectivity Fund (ECF) (Noted in Unrestricted)

# Third Interim - Multi-Year Projections, Cash Flow, & Staffing Changes

# Multi-Year Projections (MYP)

## Key Results - Highlights

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- The work to begin year over year progress is beginning to show in our financials for all three years; however, we still have much more to do as we continue to build the current and future year budgets and reduce our use of one time resources.
- District's 2022-23 and 2023-24 Fiscal Years are currently reflecting a **surplus** in the Unrestricted General Fund.

2022-23 - \$6.8M

2023-24 - \$ 13M

- The loss in Average Daily Attendance (ADA) is a significant factor where lower enrollment projections and coinciding ADA, now projected at 90%\* of enrollment are challenging the District to maintain increases in expenditures.
- The increase in 2022-23 and 2023-24 Revenue is driven by a current higher COLA projection and a projection that loss in ADA will subside.
- 92% of the \$40M in Budget Adjustments/Reductions are included as of Third Interim

\*Historical Enrollment to ADA has been 94%

# Multi-Year Projections (MYP) - Unrestricted Summary - FORM MYPI

## 2021-22 Third Interim Budget MYP Fund Balance Summary - Unrestricted

	2021-22 Unrestricted	2022-23 Unrestricted	2023-24 Unrestricted
<b>A. Revenues</b>			
5) Total Revenues	\$ 425,734,694	\$ 409,175,111	\$ 421,999,104
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 319,646,003	\$ 308,012,217	\$ 316,837,870
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 106,088,691	\$ 101,162,894	\$ 105,161,234
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ (89,580,038)	\$ (94,361,220)	\$ (92,131,087)
<b>E. Net Increase (Decrease) in Fund Balance (C + D4)</b>	\$ 16,508,653	\$ 6,801,674	\$ 13,030,147
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 60,443,968	\$ 76,952,621	\$ 83,754,295
2) Ending Balance, June 30 (E + F1e)	\$ 76,952,621	\$ 83,754,295	\$ 96,784,442

# Multi-Year Projections (MYP) - Restricted Summary

## 2021-22 Third Interim MYP Fund Balance Summary - Restricted

	2021-22 Restricted	2022-23 Restricted	2023-24 Restricted
<b>A. Revenues</b>			
5) Total Revenues	\$ 460,063,262	\$ 276,026,952	\$ 260,962,919
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 468,991,966	\$ 402,715,832	\$ 375,539,984
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (8,928,704)	\$ (126,688,880)	\$ (114,577,066)
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ 89,605,039	\$ 94,361,220	\$ 92,131,087
<b>E. Net Increase (Decrease) in Fund Balance (C + D4)</b>	\$ 80,676,335	\$ (32,327,660)	\$ (22,445,979)
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 52,529,552	\$ 133,205,887	\$ 100,878,227
2) Ending Balance, June 30 (E + F1e)	\$ 133,205,887	\$ 100,878,227	\$ 78,432,248

# Multi-Year Projections (MYP) - Combined Summary

## 2021-22 Third Interim MYP Fund Balance Summary - Combined

	2021-22 Combined	2022-23 Combined	2023-24 Combined
<b>A. Revenues</b>			
5) Total Revenues	\$ 885,797,956	\$ 685,202,063	\$ 682,962,022
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 788,637,969	\$ 710,728,050	\$ 692,377,854
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 97,159,987	\$ (25,525,986)	\$ (9,415,832)
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ 25,001.00	\$ -	\$ -
<b>E. Net Increase (Decrease) in Fund Balance (C + D4)</b>	\$ 97,184,988	\$ (25,525,986)	\$ (9,415,832)
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 112,973,520	\$ 210,158,508	\$ 184,632,522
<b>2) Ending Balance, June 30 (E + F1e)</b>	\$ 210,158,508	\$ 184,632,522	\$ 175,216,690

# Multi-Year Projections (MYP) - Restricted **No 1x** COVID Summary

## 2021-22 Third Interim MYP Fund Balance Summary - Restricted No 1x COVID

	2021-22 Restricted	2022-23 Restricted	2023-24 Restricted
<b>A. Revenues</b>			
5) Total Revenues	\$ 253,426,085	\$ 257,644,318	\$ 260,653,598
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 347,319,452	\$ 337,852,984	\$ 349,328,291
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ (93,893,367)	\$ (80,208,666)	\$ (88,674,693)
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ 89,460,249	\$ 94,216,430	\$ 91,986,297
E. Net Increase (Decrease) in Fund Balance (C +D4)	\$ (4,433,118)	\$ 14,007,764	\$ 3,311,604
F. Fund Balance, Reserves			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 39,014,928	\$ 34,581,810	\$ 48,589,574
2) Ending Balance, June 30 (E + F1e)	\$ 34,581,810	\$ 48,589,574	\$ 51,901,177

# Multi-Year Projections (MYP) - Combined **No 1x COVID Summary**

## 2021-22 Third Interim MYP Fund Balance Summary - Combined No 1x COVID

	2021-22 Combined	2022-23 Combined	2023-24 Combined
<b>A. Revenues</b>			
5) Total Revenues	\$ 679,160,779	\$ 666,819,429	\$ 682,652,701
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 666,965,455	\$ 645,865,201	\$ 666,166,161
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>			
	\$ 12,195,324	\$ 20,954,228	\$ 16,486,541
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ (119,789)	\$ (144,790)	\$ (144,790)
<b>E. Net Increase (Decrease) in Fund Balance (C +D4)</b>	\$ 12,075,535	\$ 20,809,438	\$ 16,341,751
<b>F. Fund Balance, Reserves</b>			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 99,458,896	\$ 111,534,431	\$ 132,343,869
2) Ending Balance, June 30 (E + F1e)	\$ 111,534,431	\$ 132,343,869	\$ 148,685,619

# Third Interim Cash Flow - Form CASH

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## General Fund Beginning Cash July 1, 2021

1. \$104,083,405

## General Fund Ending Cash Projection June 30, 2022

1. \$83,870,282 - Second Interim
2. \$176,202,423 - Third Interim

→ We must continue to monitor spending and cash flow with one time funds

# Third Interim Staffing Changes

As part of the Corrective Action for the District, a Dashboard has been developed to reflect the net changes in FTE between each financial reporting period.

[Dashboard Link](#)

FTE Change Detail		FTE Change Bars						
Acct Object Code	Job Class Descr	Acct Fund Code	Acct Resource Code	FTE Authorized 7/1/21	FTE Authorized 10/31/21	FTE Authorized 1/31/22	FTE Authorized 4/30/22	FTE Auth Diff
				5,221.16	5,289.24	5,298.95	5,232.74	
FTE Authorized Difference 1/31/22 to 4/30/22: -66.22								
Acct Object Code		Job Class Descr		Acct Fund Code		Acct Resource Code		FTE Auth Diff
[All]		[All]		[All]		[All]		[All]
Acct Object Code	Job Class Descr	Acct Fund Code	Acct Resource Code	FTE Auth 7/1/21	FTE Auth 10/31/21	FTE Auth 1/31/22	FTE Auth 4/30/22	FTE Auth Diff
1105	Classroom TSA 10 Months	010	0000	0.40	0.40	0.00	0.00	0.00
			0002	1.60	1.60	0.00	0.00	0.00
			3010	0.00	0.00	0.00	0.00	0.00
			3212	0.00	0.00	0.00	0.00	0.00
			6500	0.00	0.00	0.00	0.00	0.00
	Classroom TSA 11 Months	010	0000	0.00	0.00	0.00	0.00	0.00
			3212	0.00	0.00	0.00	0.00	0.00
			9333	0.00	0.00	0.00	0.00	0.00
	Facilitator Manhood Dev Progrm	010	0002	0.70	0.50	0.50	0.50	0.00
			0003	0.00	0.20	0.20	0.40	0.20
			7425	2.00	1.50	2.00	1.00	-1.00
			9225	0.50	1.00	1.00	1.00	0.00
	State Pre-K 186 Teacher	010	3010	1.00	1.00	1.00	1.00	0.00
		120	6105	10.00	10.00	9.00	9.00	0.00
	STIP Teacher	010	0000	3.58	4.08	4.44	4.44	0.00
			0002	36.41	40.31	41.06	39.26	-1.80
			0003	3.10	3.10	3.10	2.10	-1.00
			0004	0.00	0.00	0.00	0.00	0.00
			0005	0.50	0.50	0.50	0.50	0.00
			3010	24.10	23.10	23.10	24.90	1.80
			3182	2.60	2.60	5.60	5.60	0.00
			3212	31.00	30.00	34.40	29.90	-4.50
			3213	0.00	0.00	10.00	10.00	0.00
			4127	0.50	0.50	0.50	0.50	0.00
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Data as of 3/7/22

# This Just In...The Governor's May Revise

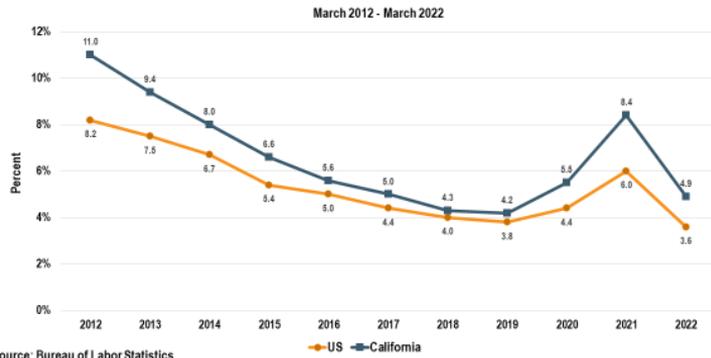
# Key Economic Indicators

[Oakland's Unemployment Data](#)

[Top Employers in Oakland](#)

[Top Employers in Alameda County](#)

U.S. and California Unemployment Rates

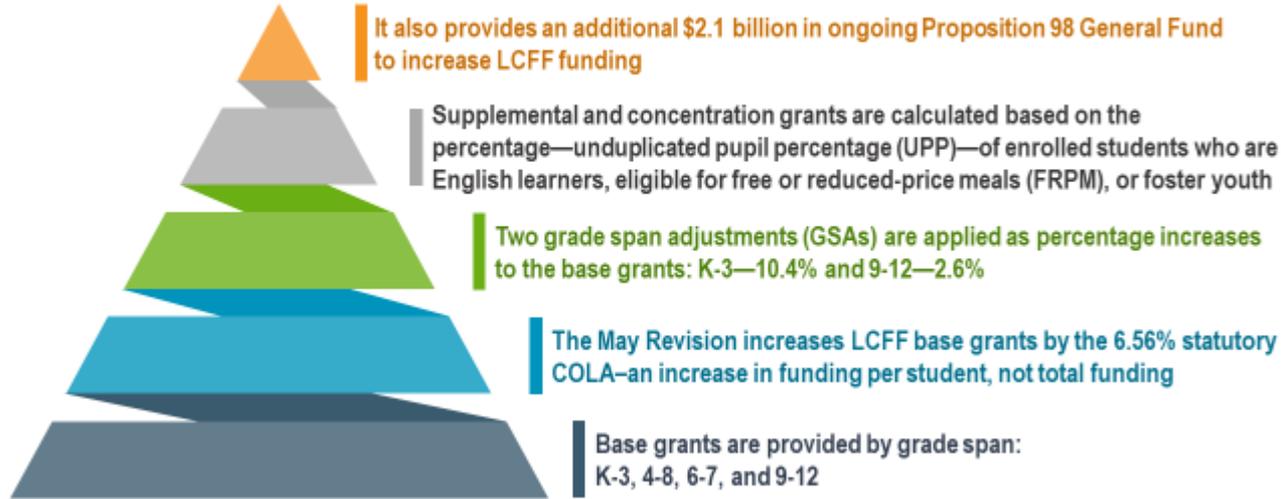


U.S. and California Unemployment Rates



# Local Control Funding Formula LCFF

## 2022-23 LCFF Funding Factors



# LCFF Funding Factors

Grade Span	K-3	4-6	7-8	9-12
2021-22 Base Grant per ADA	\$8,093	\$8,215	\$8,458	\$9,802
6.56% COLA	\$531	\$539	\$555	\$643
Additional LCFF <u>Investment</u> <sup>1</sup>	\$266	\$270	\$278	\$322
2022-23 Base Grant per ADA	\$8,890	\$9,024	\$9,291	\$10,767
GSA	\$925	–	–	\$280
2022-23 Adjusted Base Grant per ADA	\$9,815	\$9,024	\$9,291	\$11,047
20% Supplemental Grant per ADA (Total UPP)	\$1,963	\$1,805	\$1,858	\$2,209
65% Concentration Grant per ADA (UPP Above 55%)	\$6,380	\$5,866	\$6,039	\$7,181

<sup>1</sup>SSC estimate of the impact the additional \$2.1 billion investment brings to LCFF funding by increasing the base rates

# Discretionary Block Grant

## Discretionary Block Grant

- Taking a page from his predecessor, Governor Newsom proposes a one-time \$8 billion Discretionary Block Grant for LEAs for the 2022-23 fiscal year

- This equates to approximately \$1,500 per ADA
- The funding would be distributed on a per-ADA basis using 2021-22 Second Principal Apportionment (P-2) reported ADA
- Expenditure of these funds is determined by the local governing board and can be used for any one-time purpose



- Funds will offset LEAs' outstanding mandate reimbursement claims on a dollar-for-dollar basis
- There is intent language that this funding be used to address student learning challenges, protect staff levels, and support the mental health and wellness of students and staff
  - It is important to remember that intent language does not have the force of law

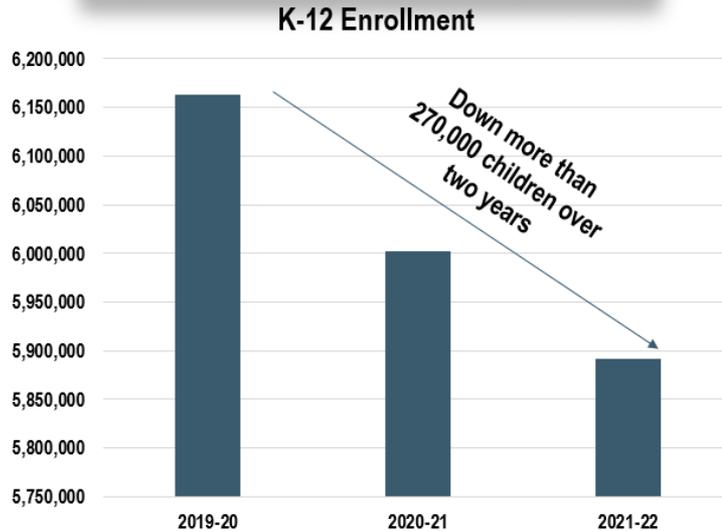
# Discretionary Block Grant

	<b>May Revision</b>	<ul style="list-style-type: none"><li>• Proposes one-time \$8 billion Discretionary Block Grant for LEAs for the 2022-23 fiscal year</li></ul>
	<b>Assembly</b>	<ul style="list-style-type: none"><li>• Learning Recovery Block Grant to support students and staff<ul style="list-style-type: none"><li>▪ Does not specify an amount</li></ul></li></ul>
	<b>Senate</b>	<ul style="list-style-type: none"><li>• \$10 billion in one-time, formula-based funds spread over multiple years for a COVID-19-related Learning Recovery Block Grant</li><li>• \$5 billion one-time, formula-based funds for student enrichment materials in music, arts, technology, instructional materials, etc.</li></ul>

# ADA Cliff - Three Proposed Solutions

- The ADA “Cliff” has become a two-headed monster—the combination is significant

## Declining Enrollment



Source: Department of Finance (DOF) Demographic Research Unit

## ADA-to-Enrollment Percentage

- The rate at which children are attending school is on the decline
  - Quarantine/illness
  - Independent study
    - Unsigned master agreements
    - Homework not returned in a timely manner
    - Audit findings on the rise?

# ADA Cliff Proposal 1

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## ADA Cliff—Proposed Solution

- The Governor has proposed solutions to mitigate both these issues
  - The first solution benefits school districts only
  - This was in the Governor's Budget
- The declining enrollment protection has also been included in the amended version of Assembly Bill (AB) 1948 (Ting, D-San Francisco)

### Declining Enrollment Protection

Funding would be based on the greater of:  
Current-year ADA,  
Prior-year ADA,  
or  
Computed average ADA using the prior three years' ADA

# ADA Cliff Proposal 2

- The second solution benefits LEAs with classroom-based programs
  - School districts
  - Classroom-based charter schools
  - COEs
- Comparison of attendance yield
  - Also referred to as ADA-to-enrollment percentage
- Language is not present in any active bills in the Senate or Assembly, but that does not signal disapproval of the concept

## COVID-19 ADA Relief

2021-22 ADA would be based on  
greater of:

Attendance yield from 2019-20

or

Attendance yield from 2021-22

# ADA Proposal 3

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- The third solution benefits classroom-based charter schools
  - Only applicable for the 2021-22 fiscal year
- Same provision currently provided to school districts in Education Code Section (EC §) 42238.05
- Language is not present in any active bills in the Senate or Assembly

## Declining Enrollment Protection

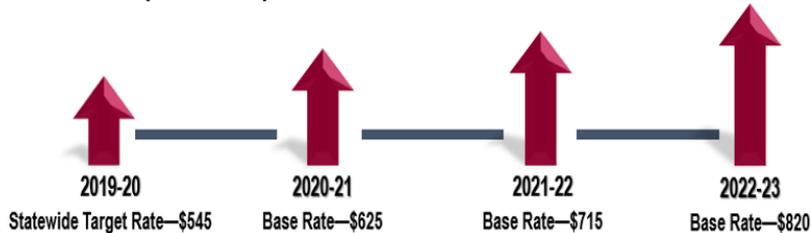
Funding in 2021-22 would be based on the greater of:

Current-year ADA  
or  
Prior-year ADA

# Special Education Funding

## Special Education—Largely Unchanged at the May Revision

- \$500 million in Proposition 98 special education funding
  - 6.56% COLA
  - These investments continue to result in a Base Rate increase to \$820 per ADA
  - Funds will flow through the AB 602 funding formula via Special Education Local Plan Areas (SELPA)
- The Governor’s Budget proposed several changes for special education, most of which have not changed at the May Revision:
    - Individual Education Program (IEP) best practices resource lead
    - Model IEP template expert panel
    - Alternate diploma for students with disabilities (SWDs) who demonstrate completion of the state graduation requirements
    - Educationally related mental health funds shift



# Expanded Learning Opportunities Funding

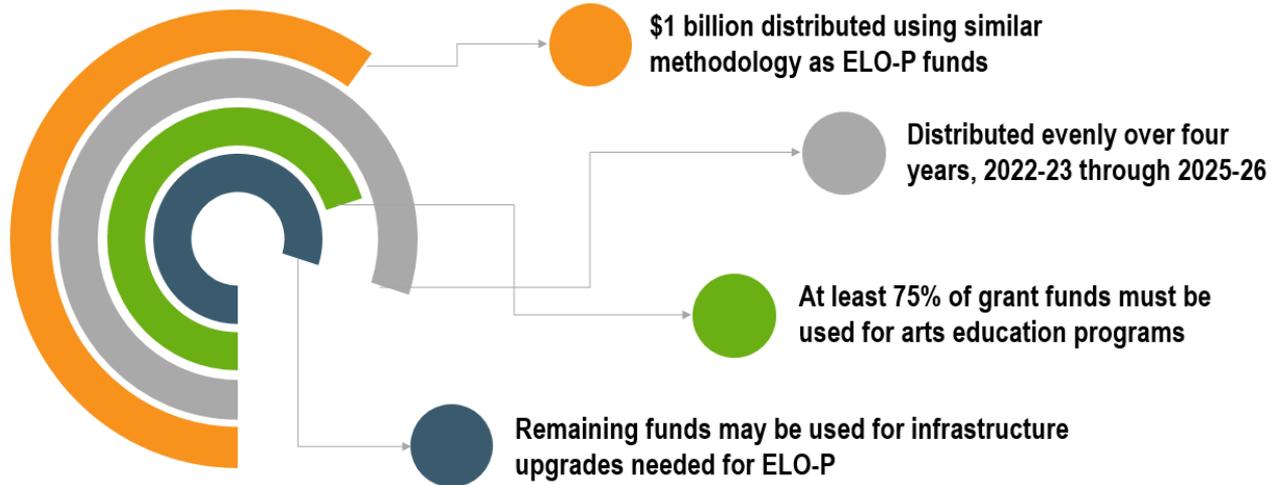
## Expanded Learning Opportunities Program Funding

- The May Revision proposes ongoing funding for the ELO-P of \$4.8 billion starting in 2022-23
- This will provide \$2,500 per classroom-based ADA in grades TK-6 multiplied by the UPP at eligible school districts and charter schools
  - Prior-year ADA and UPP are used in this calculation

	Current Law	Governor's Budget Proposal	May Revision Proposal
Total State Funding Level	\$1 billion ongoing plus \$754 million onetime	\$4.4 billion	\$4.8 billion
Per Pupil Amount	UPP ≥ 80%: \$1,170 UPP < 80%: \$672	UPP ≥ 75%: \$2,500 UPP < 75%: \$2,027	UPP ≥ 75%: \$2,500 UPP < 75%: \$2,500

# Expanded Learning Opportunity - Infrastructure

The May Revision adds \$63 million for ELO-P infrastructure needs that were first proposed in January, bringing the total to \$1 billion



# Community Schools Partnership

- The 2021 Budget Act included \$3 billion for the California Community Schools Partnership Program
- After completing its application review for the first round of funding, the California Department of Education (CDE) anticipates that the original \$3 billion will not be sufficient to meet demand for the program
- For this reason, Governor Newsom is proposing to provide another \$1.5 billion in his May Revision to expand access to the community schools grant program to every eligible LEA that opts to apply on behalf of its high-need schools



# Universal TK

## Universal Transitional Kindergarten



2022-23

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and February 2; inclusive



2023-24

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and April 2; inclusive



2024-25

Offer TK to four-year-olds whose fifth birthday occurs between September 2 and June 2; inclusive



2025-26

Offer TK to four-year-olds whose fourth birthday occurs by September 1; inclusive

- LEAs may accelerate Universal TK by enrolling four-year-olds whose fifth birthdays occur after the annual age eligibility window
- But law prohibits LEAs from enrolling in TK any child whose fifth birthday occurs after June 30

# What's Not Mentioned...

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## What's Not in the May Revision?

### Additional Pension Relief

The state's contribution to subsidize employer rates has run out  
Both pension plans will significantly increase in 2022-23

### Transportation Funding

Transportation funding remains inequitably distributed, is based on a decades-old formula, and receives zero COLA

### UPP Solutions

Implementation of universal meals will likely have an immediate and direct impact on UPP

# Going Forward - Key Considerations & Reports

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## Considerations

- Governor's May Revise and State Adopted Budget
  - ALL Categorical Funding awards continue to be clarified with focus on timelines and spending limitation
  - Three Legislation options for revising Average Daily Attendance funding will be critical, but are all bridge plans
- The District is working to address the Lack of Going Concern Determination Requirements by the Alameda County Office of Education
- All Tentative Agreements that have been approved are in the Third Interim and MYP

# NEXT STEPS

1. Board Approval of the Third Interim
2. Third Interim has been submitted to the Alameda County Office of Education (ACOE) by June 1st
3. Distribution of Third Interim to Auditors, Financial Advisors, Bond Reporting Agencies
4. Finalize Budget Development for 2022-23 with reductions
5. Budget/LCAP Public Hearing June 8, 2022
6. Budget/LCAP Adoption June 29, 2022

# Questions/Comments

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# Slides included in Budget and Finance Presentation

# Third Interim Highlights

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- Third Interim Period ended April 30, 2022
  - Services and Other Operating Expenditures
    - \$11M lower than at Second Interim
      - \$6M Adjustment from technology adjusted.
        - **From Second Interim - \$6.5M Increase** in Books and Supplies due to \$6.5M increase in technology to purchase chromebooks for students from a grant award from the Emergency Connectivity Fund (ECF) for \$8.5M.
      - Added a new Resource in restricted Funding to Account for this expense and adjusted the expenditures budget down in the Unrestricted due to the reimbursement provision.

# Third Interim Development

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- Third Interim Period ended April 30, 2022
- Submission for this agenda is due May 4, 2021
  - \$5M adjustment due to Measure G1 2017-18 transfer that did not occur
    - Reflected in Line D.3 Contributions
      - B & F Draft Budget currently allocated as an expense in error and has been adjusted for final Third interim
    - Measure G1 Allocation Provision
      - **65% to provide raises to school site educators. The same percentage increase in salary shall apply to all school site educators; and**
      - 35% of Total Revenues to provide Middle School grants as further described in the section entitled “Education Spending Plan” above.
    - The raises were provided, but the General Fund was not reimbursed

# Third Interim Development

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- Raises were provided, but the General Fund was not reimbursed
- Proposal for use of One Time Resource:
  - Replenishing buildings and grounds staffing
    - 15 FTE ~\$2M
      - 1 Glazier
      - 3 Plumbers
      - 5 Gardeners
      - 3 Electricians
      - 2 Alarm Tech
      - 1 Telecommunications Tech
    - Resource covers 2 Years and gives time to build ongoing General Fund Funding by 2024-25

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Phone: 510.555.5555 | Email: [info@ousd.org](mailto:info@ousd.org)