

2018-2020 Fiscal Vitality Implementation Plan Update 3

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To: OUSD Board of Education

Outcomes

Update on Fiscal Vitality Plan

- ❖ Outline of Work
- ❖ Report on Progress to Date
- ❖ Review of Next Steps



FCMAT Risk Factors “NO” Rating Crosswalk

FCMAT Risk Factors with “NO” Rating	Summary of FCMAT Recommendations	Reference to Fiscal Vitality Plan Phases and Recommendations
Reserve for Economic Uncertainty	Develop a plan to restore and maintain reserve	Stability: 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7
Fund Balance	Monitor contributions and transfers to restricted programs	Stability: 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7
Encroachment	Cost containment for Special Education, Nutrition Services, and Early Childhood Education	Stability: 1.7
Deficit Spending	Adopt a plan to eliminate deficit spending	Recovery: 2.1, 2.2, 2.3, 2.4
Budget Monitoring and Updates	Budget exception framework	Recovery: 2.4
Position Control and Human Resources	Tracking, creating, and deleting positions; reconciling HR, budget and payroll systems	Stability: 1.2 Recovery: 2.5, 2.6, 2.8
Leadership Stability	Culture and practices that promote and support systematic reform	Vitality: 3.1, 3.2, 3.3
Bargaining Agreements	Bargaining beyond COLA must be supported by available fund balance	Vitality: 3.2

Fiscal Vitality Plan Identified 3 Overlapping Phases

Stability (Jan - Jun 2018)

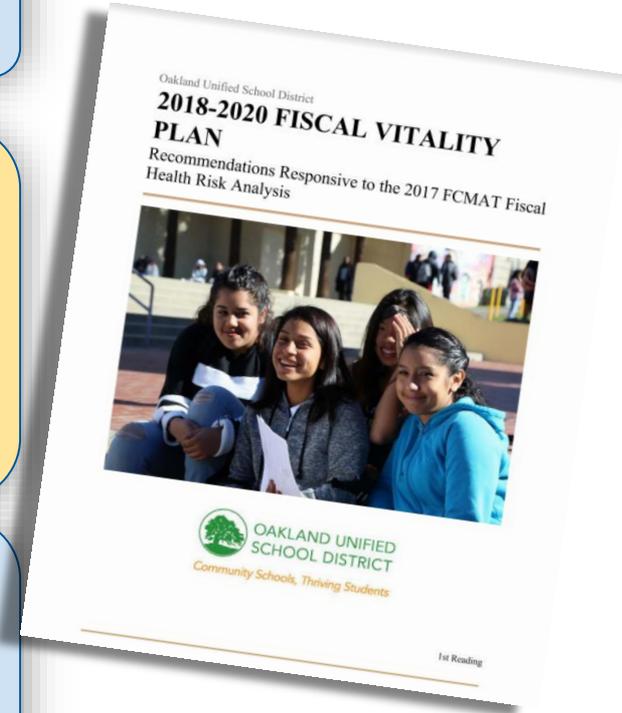
- ▶ Improve Monitoring Practices

Recovery (Mar 2018 - Mar 2019)

- ▶ Improve Multi-Year Forecasting in Budget Development
- ▶ Establishing Internal Controls
- ▶ ESCAPE Information System Implementation

Vitality (Jun 2018 - Jun 2019)

- ▶ Defining Roles and Responsibilities for Oversight
- ▶ City Wide Vision/ Blueprint for Quality Schools/Asset Management



Stability Phase Highlights (Jan - Jun 2018)

- 2017-18 Mid-Year Adjustments combined with improved monitoring and controls have resulted in better-than-estimated results (e.g. Fund Balance, Reserves)
- Better budget projection tools and resulting reductions in 2018-19 budgets should result in further stability
- School Site Budgets restored to pre-adjustment levels for 2018-19

Recovery Phase Highlights (Mar 2018 - Mar 2019)

- ESCAPE Go-Live July 1, 2018, bumpy but positive reception
- ESCAPE Training, including internal process adjustments are high need
- Early efforts at internal controls focused on attendance tracking, contracting improvements and resolving auditing findings
- Board Policy Review and alignment of practices initiated in this phase as part of internal controls work
- Pending legislation may require modifications in focus

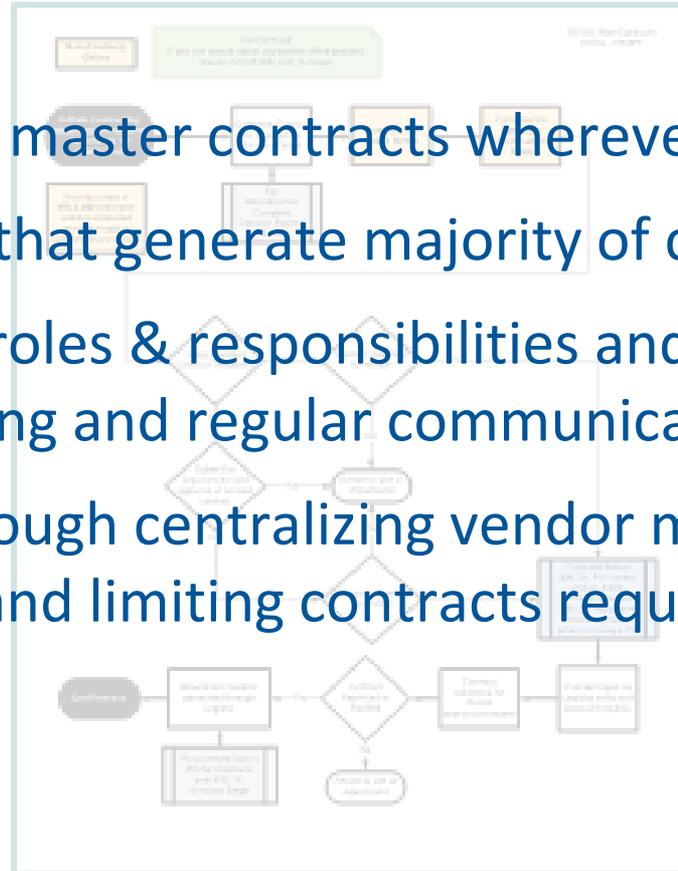
Highlights of WestEd Contracting Study (What we buy)

General Fund | 2017-18 Unaudited Actuals | All 5800 Object Codes

- \$55M total spent on 5800s, down \$2.5M from 2016-17 (Contracted Services & Other)
- \$27M of spend from Unrestricted funds (Slightly less than 50%)
- Of \$27M, half spent on Transportation (\$9M) and Licensing Fees (\$4M)
- Of \$27M, Consultants (\$8M), Contracted Services (\$2.6M), External Work Orders (\$1.6M) are largest remaining categories
- Of the \$8M in Consultants, half initiated by Central Departments or for Districtwide expenses (e.g. Blueprint, Counseling services)

Highlights of WestEd Contracting Study (How we buy)

- Consider using master contracts wherever possible
- Focus on sites that generate majority of contracts (\$/#)
- Clearly define roles & responsibilities and conduct frequent training and regular communication of changes
- Streamline through centralizing vendor management, using ESCAPE and limiting contracts requiring legal review



Vitality Phase Highlights (Jun 2018 - Jun 2019)

- Clarifying roles and leadership oversight is ongoing, but somewhat delayed due to substantial turnover in leadership staff throughout Business & Operations
 - Staff stabilization expected Fall 2018
- Finance actively engaged in supporting bargaining efforts
- Realignment work of Blueprint ongoing

Next Steps

- Spearhead internal controls implementation; requires cross-departmental collaboration, easy monitoring, and regular oversight
- Support informed budgeting for 2019-20 with comprehensive cost analysis and adherence to state and county requirements
- Continue staff training on ESCAPE and process changes

Board Questions & Public Comment



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