



Date: June 10, 2015

To: Board of Trustees

From: Antwan Wilson, Superintendent
Vernon Hal, Senior Business Officer
Ruth Alahyoian, Chief Financial Officer
Sergio Sanchez, Executive Director, Budget

Re: **2015-16 Budget and LCAP** First Reading

The Oakland Unified School District's 2015-16 Budget and Local Control Accountability Plan (LCAP) will be presented at a public hearing on June 10, 2015. The public hearing is a requirement under Ed Code to sunshine and to get public input on the two key documents that direct the District's actions and expenditures for the coming year. The Budget and the LCAP are the result of many months of preparation and collaboration on the priorities and actions for the 2015-16 school year. The 2015-16 Budget is presented in the State Accounting Codes (SACs) format, which is the required format for formal documentation to the Alameda County Office of Education (ACOE) (our oversight agency) and the California Department of Education. The LCAP is presented in the new template adopted by the State Board of Education in November 2014. A PowerPoint presentation is also provided to summarize both documents for the Board and the public.

Process:

The June 10 Public Hearing is the first step in the final adoption of the LCAP and 2015-16 Budget. After hearing comments at the public hearing, and at the direction of the Board, staff will make any necessary adjustments to the LCAP and to the 2015-16 Budget and submit them for final Board approval on June 24, 2015. The District is required to submit the adopted budget to the ACOE within five days of Board adoption, and no later than July 1, and the LCAP by July 1. If the final State budget signed by the Governor results in significantly different revenues from what has been adopted, staff will prepare a revised budget and submit it to the Board within 45 days of the Governor's signing.

LCAP:

The LCAP includes three distinct sections:

Section 1: Stakeholder Engagement – describes the engagement process and how it has informed our LCAP.

Section 2:

Goals, Actions, Expenditures, & Progress Indicators – identifies goals, measurable outcomes, action items, and the expenditures associated with those outcomes.

Annual Update – provides an update on how we met the actions and indicators identified in the 2014 LCAP.

Section 3: Use of Supplemental & Concentration Grant Funds and Proportionality – identifies the funds that the District expects as a result of the unduplicated count of low income, English learner and foster youth students, and how those funds will be principally directed to address the needs of those students.

The LCAP is the continuation of the work from last year, with an annual update of actions and expenditures in the 2014-15 school year and a revised plan for the next three years. The goals that were identified in 2013-14 continue into the plan for the next three years. The indicators that we are tracking also continue, with several new indicators added for future monitoring. Each identified action item includes a description of the targeted populations, the expenditures by SACs code, and the resource.

Our community engagement process was aligned with the state’s requirements that stakeholders be engaged throughout the year, with a formal parent advisory committee and a formal English language learner parent advisory committee being formed and convening on a regular basis. Section A of the LCAP provides a detailed description of the engagement process and results.

Progress towards our goals are shown by change in identified indicators. The table below summarizes our progress by goal and indicator.

Goal	Indicator	Results
1.1	Increase the 4-year cohort graduation rate by 2 percentage points.	NOT MET
1.2	Reduce the cohort dropout rate by 3 percentage points.	NOT MET
1.3	Increase the A-G completion rate with a grade of C or better by 2 percentage points	NOT MET
1.4	Increase student career pathway participation rate by 5 percentage points for grades 10-12.	MET
1.5	Increase the Grade 10 CAHSEE pass rate by 2 percentage points	NOT MET
2.1	Establish baseline for proficiency rates on new online state tests	TBD
2.2	100% of schools meet state requirements for standards-aligned instructional materials in every classroom.	MET
3.1	Increase the percentage of students reading at or above grade level at every stage.	NOT MET
3.2(a)	Increase the percent of students in Grade 3 reading at or above grade level by 5 percentage points.	NOT MET
3.2(b)	Increase the percent of students in Grade 6 reading at or above grade level by 5 percentage points.	NOT MET
3.3	Increase the percent of students in Grade 9 reading at or above grade level by 4 percentage points.	NOT MET
4.1	Increase the English Learner (EL) reclassification rate by 3 percentage points.	MET

4.2	Increase the Long-Term English Learner (LTEL) reclassification rate by 5 percentage points.	MET
5.1	Reduce the rate of students missing 10% or more of school days by 0.5 percentage points.	NOT MET
5.2	Reduce chronic absence for Native American, African American, and Pacific Islander students by 1 percentage point.	Native Americans: MET Others: NOT MET
5.3	Reduce the off-campus suspension rate by 1 percentage point	NOT MET
5.4	Reduce the suspension rate of African American and African American Male students by 2 percentage points.	NOT MET
6.1	Increase the percent of schools with participation rates above 40% in the California Healthy Kids Parent Survey to 50%.	NOT MET
6.2	Increase the percent of schools offering at least 3 academic activities for families per year to 80%.	NOT MET

Last year, our LCAP identified actions and expenditures totaling \$41.4 million, or 8% of the total district budget. This year, we have captured over 60% of the budget in the actions and expenditures. Of these actions and expenditures, supplementary and concentration funds are utilized for \$45 million of expenditures; additional actions and expenditures of \$10 million are identified, pending additional funding from the State.

2015-16 Budget:

The 2015-16 Budget reflects the anticipated revenue as projected by the Governor’s May Revised Budget Proposal. The additional revenues to our General Fund are currently projected to be as follows:

Funding Source	2015-16 May Revise Budget	2015-16 January Proposed Budget	Difference
LCFF (On-going)	\$335.3 Million	\$320.4 Million	\$14.9 Million
State Revenues (One-Time)	21.3 Million	6.4 Million	14.9 Million
Total	\$356.6 Million	\$326.8 Million	\$29.8 Million

We have not added expenditures based on the May projections – expenditures are still based on the January Budget Proposal. The table below summarizes budgeted revenues and expenditures for 2015-16, and provides a comparison to the most recent budget snapshot for the current year, 2014-15:

Unrestricted General Fund		2015-16 BGT DEV	2014-15 THIRD INTERIM	Diff
Local Control Funding Formula (LCFF) Revenues		\$ 334,329,669	\$ 295,316,598	\$ 39,013,072
Other State & Federal Revenue		28,820,310	8,913,443	19,906,867
Local Revenue		29,171,165	25,642,832	3,528,333
Transfer-In & Sources		564,067	734,067	(170,000)
Total Revenues & Sources	a	392,885,211	330,606,940	62,278,272
Salaries,Supplies,Services & Equipment		285,615,909	272,153,587	13,462,322
Other Outgo (Pass Throughs / Debt Service)		6,242,046	6,398,953	(156,907)
Indirect Cost (Expense Offset)		(4,571,567)	(5,933,561)	1,361,994
Contributions & Transfers Out		58,450,567	50,952,006	7,498,561
Total Expenses & Uses	b	345,736,956	323,570,986	22,165,970
Change in Fund Balance	a-b=c	\$ 47,148,256	\$ 7,035,954	\$ 40,112,302
Beginning Fund Balance	d	21,073,794	14,037,840	7,035,954
Ending Fund Balance	c+d=e	\$ 68,222,049	\$ 21,073,794	\$ 47,148,256

The expenditures and ending fund balance do not incorporate the recent salary settlements. However, the table below explains how the fund balance is available to be applied to on-going and one-time employee compensation, as well as other obligations.

Unrestricted General Fund	2015-16 BGT DEV	2014-15 THIRD INTERIM	Diff
Ending Fund Balance	\$ 68,222,049	\$ 21,073,794	\$ 47,148,256
Components of the Ending Fund Balance:			
Reserve for Economic Uncertainty	\$ 8,854,086	\$ 8,916,332	(62,246)
Designated for the Following:			
Audit & Audit Findings (ONE-TIME)	4,112,204	4,812,204	(700,000)
Set Aside for Additional One-time funds (ONE-TIME)	14,860,267	-	14,860,267
Set Aside for Retro Salary Increases for 2014-15 (ONE-TIME)	6,300,000	6,300,000	-
Set Aside for Ongoing Items (ON-GOING)	33,050,235	-	33,050,235
Early Retirement Pgm Approved 2011-12 (ONE-TIME)	895,258	895,258	-
Revolving Cash (ONE-TIME)	150,000	150,000	-
Total Ending Fund Balance	\$ 68,222,049	\$ 21,073,794	\$ 47,148,256
Reserve for Economic Uncertainty is the 2% minimum required for OUSD per State Dept. of Ed, however the Board policy requires 3%. Staff has been directed by the board to lower this reserve to the 2% required by the State and designate the difference to Audit and Audit Findings.			

A final budget and final LCAP will be presented on June 24, 2015, for Board adoption.