

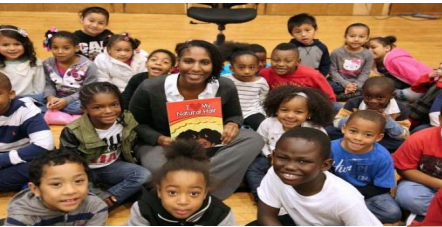


OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

Oakland Unified School District

2021-22 Budget Reduction Options & Strategies



Budget & Finance Meeting

February 11, 2021

Presented by Lisa Grant-Dawson, Chief Business Officer

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The Task and Current State

- Annually, the District must develop and adopt a budget for the ensuing fiscal year.
- Currently the District has certified its financial outlook as Qualified and seeks to return to Positive status.
 - Positive Status – The District will meet its fiscal obligations in the current and two subsequent fiscal years
 - Qualified Status – The District may not meet its financial obligations in the current and two subsequent fiscal years
 - Negative Status – The District will be unable to meet its financial obligations for the remainder of the current and next fiscal year.



The Task and Current State

- The District is currently developing a Fiscal Sustainability Plan
 - This plan is a revision and update to the Fiscal Solvency Plan (2017-18)
- The District remains under fiscal oversight and the pending fiscal sustainability plan, along with building a sound budget, and positive financial outcomes is the imperative task.
- The District is projected to make \$16MM ongoing in reductions for 2021-22 based on its Multi-Year Production



Budget Reduction Option Strategy

- The District's funding profile is standard in that resources are allocated at the District level
- The District's salaries and benefits outpace other expenditures in growth annually and reductions in other expenditures are unable to offset reductions
- The District's budget will be built to assign Base, Supplemental, and Concentration Dollars to align to HOW the District is funded
- The District can then allocate the remaining resources to sites and departments to evaluate next level priorities



Budget Reduction Option Strategy

- Our site based approach to funding and strategies do not provide a clear through line for programmatic reduction strategies
- This process will help to uncover options for additional reductions and prioritize our academic and operational strategies, by site, with our investments
- The General Fund will have some one-time upside from cost avoidance during our continued distance working and learning environments
 - These expenditures will be reserved to prepare for one-time and bridged investments as we migrate into hybrid and in person models



2021-22 & Multi-Year Developing Assumptions

- Cost of Living Adjustment

LCFF PLANNING FACTORS					
Factor	2020-21	2021-22	2022-23	2023-24	2024-25
Department of Finance (DOF) Estimated Statutory COLA	2.31%	1.50% ¹	2.98%	3.05%	N/A
DOF Estimated Funded COLA	0.00%	3.84% ²	2.98%	3.05%	N/A
SSC Estimated Statutory COLA ³	0.00%	3.84%	1.28%	1.61%	1.90%

- Enrollment continues to Decline by ~297 Students from 2020-21

2019-20	2020-21	2021-22
36,110	35,366	35,069

- Due to our declining enrollment status, the District will be able to use the 2020-21 ADA to fund 2021-22, but we will reach another cliff in 2022-23 as enrollment and ADA continue to decline



2021-22 & Multi-Year Developing Assumptions

- Central and site Supplemental and Concentration allocations will likely decline
 - Site based decisions will remain with revised perimeters
 - Existing salary and benefit commitments will not allow all positions to be affordable in all funding streams
- Previous reductions to Books and supplies and Other Services have been significant
 - Small gains may be made, but options must be reviewed significant without existing programming priorities and new investments



2021-22 & Multi-Year Developing Assumptions

- The \$1.6 M contribution to Student Nutrition will be eliminated as of Second Interim 2020-21
 - 2020-21 Nutrition Services has a positive fund balance
 - Increase in revenue due to the pandemic and the ability to serve more students
 - This activity of serving more students must continue when in person instruction resumes
- Outstanding Loan balance of \$827,372 from the July 2005 Loan of \$4.1 M should be repaid by June 2021
 - Reduces \$203K of expenditures in Fund 13



Salary expenditures are exceeding standard ratios

I 5. CRITERION: Salaries and Benefits

STANDARD: Projected ratio of total unrestricted salaries and benefits to total unrestricted general fund expenditures for any of the current fiscal year or two subsequent fiscal years has not changed from the historical average ratio from the three prior fiscal years by more than the greater of three percent or the district's required reserves percentage.

SA. Calculating the District's Historical Average Ratio of Unrestricted Salaries and Benefits to Total Unrestricted General Fund Expenditures

DATA ENTRY: Unaudited Actuals data that exist for the First Prior Year will be extracted; otherwise, enter data for the First Prior Year. Unaudited Actuals data for the second and third prior years are preloaded.

Fiscal Year	Unaudited Actuals - Unrestricted (Resources 0000-1999)		Ratio of Unrestricted Salaries and Benefits to Total Unrestricted Expenditures
	Salaries and Benefits (Form 01, Objects 1000-3999)	Total Expenditures (Form 01, Objects 1000-7499)	
Third Prior Year (2017-18)	279,310,702.60	327,080,005.71	85.4%
Second Prior Year (2018-19)	265,830,123.64	312,711,970.58	85.0%
First Prior Year (2019-20)	282,072,855.89	329,645,264.96	85.6%
	Historical Average Ratio:		85.3%

District's Reserve Standard Percentage (Criterion 10B, Line 4)	Current Year (2020-21)	1st Subsequent Year (2021-22)	2nd Subsequent Year (2022-23)
	District's Salaries and Benefits Standard (historical average ratio, plus/minus the greater of 3% or the district's reserve standard percentage):	2.0%	2.0%
	82.3% to 88.3%	82.3% to 88.3%	82.3% to 88.3%

SB. Calculating the District's Projected Ratio of Unrestricted Salaries and Benefits to Total Unrestricted General Fund Expenditures

DATA ENTRY: If Form MYPI exists, Projected Year Totals data for the two subsequent years will be extracted; if not, enter Projected Year Totals data. Projected Year Totals data for Current Year are extracted.

Fiscal Year	Projected Year Totals - Unrestricted (Resources 0000-1999)		Ratio of Unrestricted Salaries and Benefits to Total Unrestricted Expenditures	Status
	Salaries and Benefits (Form 01, Objects 1000-3999) (Form MYPI, Lines B1-B3)	Total Expenditures (Form 01, Objects 1000-7499) (Form MYPI, Lines B1-B6, B10)		
Current Year (2020-21)	281,556,476.00	316,309,301.00	89.0%	Not Met
1st Subsequent Year (2021-22)	288,938,999.00	308,708,247.00	93.6%	Not Met
2nd Subsequent Year (2022-23)	304,213,926.00	325,028,973.00	93.6%	Not Met

SC. Comparison of District Salaries and Benefits Ratio to the Standard



Budget Reduction Option Strategy

- By aligning spending to how we are funded, we will have a CLEAR picture of where we need to recommend and prioritize spending and how to use other resources more appropriately.
- We are currently in the process of building the budget framework with alignment, Site One-Pagers, and preparing to build department budgets.

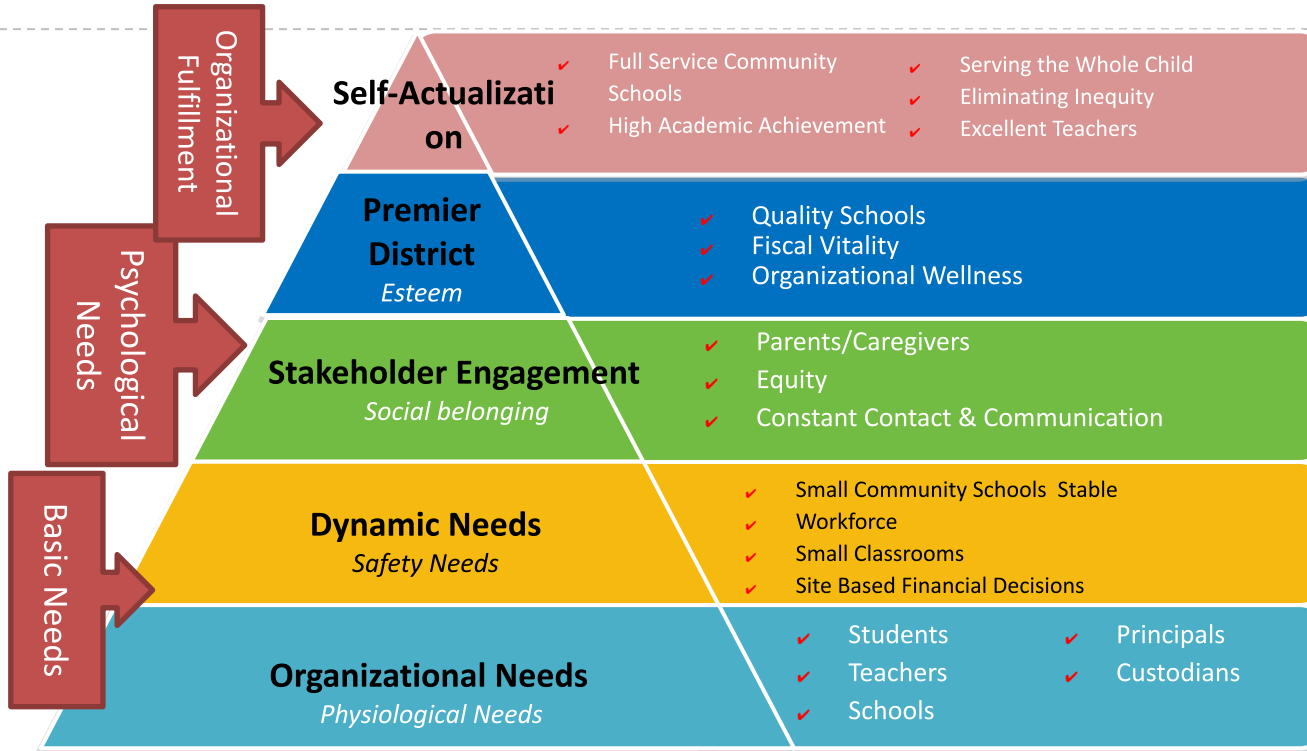


Next Steps - The Short List

- Present the Fiscal Sustainability Plan (February 2021)
- Continue refining the 2021-22 budget assumptions
- Continue developing the list of budget reductions and solutions
- Continue to prepare the Second Interim (March 2021)
- Continue Budget Development and Engagement Activities
- Determine cash need for cash borrowing via our State Intercept Loan



OUSD's Hierarchy of Organizational Needs



OUSD Budget Development Process for June 2021 Adoption

Distributing Budget Development Data

Finalize Enrollment Projection
Begin Stakeholder Engagement
Provide Budget One-Pagers
Develop Reduction Options

JANUARY

FEBRUARY

Vetting Budget Development Options

Draft 1 & 2 – Fiscal Sustainability Plan
Draft 1 - of Budget Reduction Options
Stakeholder Engagement Meetings for Budget & LCAP

Moving Towards Options

Second Interim
Review Budget Reduction Option List

MARCH

Decision on Budget Options

Board Decision Budget Reductions
Continue Stakeholder Engagement

APRIL

Budget Clarity and Finalization

Third Interim
Proposed 2021-22 Budget
LCAP Draft Resolution
Governor's May Revise

MAY

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Questions?



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