



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

V.8

2012-2013

Board Budget Study Session

Wednesday March 13th, 2013

AGENDA

- ❖ **Current Assumptions**
- ❖ **Local Control Funding Formula**
- ❖ **State Loan**
- ❖ **Federal Sequestration**
- ❖ **Investments**

CURRENT ASSUMPTIONS

First Interim 2012-13 Unrestricted General Fund Assumptions					Explanations of Fluctuation
		13-14 Budget Development	2012-13 2nd Interim	Diff	
Enrollment		36,197	36,256	(59)	Slight reduction in projected enrollment
Cost of Living Adjustment (COLA)		0%	0%	0%	Governor's State Bgt Assumes 1.65%; \$111/ADA . Not assumed at this time
Rev for Student Attendance (Rev Limit)					
Rev / ADA	\$	5,217	\$ 5,217	-	
Average Daily Attendance (ADA)		34,457	34,493	(35)	Slight reduction in projected ADA due to slight reduction in projected enrollment
Total Revenue Limit	\$	176,417,889	\$ 176,595,544	\$ (177,655)	
Other State Revenue					
K-3 Class Size Reduction (CSR)	\$	10,628,969	\$ 10,620,278	\$ 8,691	
Other State-Mainly Tier 3 Flex (Excluding Adult Ed Flex)	\$	29,009,543	\$ 29,009,543	\$ -	
Adult Ed Flex	\$	11,821,239	\$ 11,821,239	\$ -	
Lottery	\$	5,172,893	\$ 5,178,215	\$ (5,322)	
Mandated Cost Reimbursement	\$	-	\$ 127,072	\$ (127,072)	Amt still reimbursed by old program for certain mandates. Only budgeted when received
Mandated Cost Block Grant	\$	1,653,950	\$ 1,008,314	\$ 645,636	More Mandated Block Grant (\$48/ADA FY13-14 vs \$28/ADA FY12-14)
Charter Pass Through	\$	2,776,051	\$ 2,776,051	\$ -	
Local					
Measure G Parcel Tax	\$	20,700,590	\$ 20,700,590	\$ -	
Interagency	\$	600,958	\$ 633,311	\$ (32,353)	
Lease and Rental Income	\$	1,427,519	\$ 1,427,519	\$ -	
Other Local (Including Charter School Rev)	\$	2,751,096	\$ 2,751,096	\$ -	
Interest Income	\$	162,585	\$ 162,585	\$ -	

First Interim 2012-13 Unrestricted General Fund Assumptions

Explanations of Fluctuation

	13-14 Budget Development	2012-13 2nd Interim	Diff	
Transfer In				
State Loan Draw down from Fund 17	\$ -	\$ 589,193	\$ (589,193)	State Loan fully depleted in FY 12-13. No amt avail for FY 13-14
Self Insur Fund (Fund 67) to cover Prop & Legal	\$ 470,000	\$ 470,000	\$ -	
Other Outgo				
Charter Transfers	\$ 2,776,051	\$ 2,776,051	\$ -	
Debt Service (State Loan)	\$ 5,985,477	\$ 5,985,477	\$ -	
Transfers Out				
Adult Ed Transfer	\$ -	\$ 1,000,000	\$ (1,000,000)	Transfer to Adult Ed Fund Assumed to be Eliminated
Net Adult Ed Maintained in the General Fund	\$ 11,821,239	\$ 10,821,239	\$ 1,000,000	Transfer to Adult Ed Fund assumed to be eliminated
Contributions				
Special Ed Program	\$ (26,210,487)	\$ (26,210,487)	\$ -	
Special Ed Transportation	\$ (5,144,826)	\$ (5,144,826)	\$ -	
RRMA (Buildings & Grounds)	\$ (6,315,268)	\$ (4,040,268)	\$ (2,275,000)	Incr to RRMA Transfer. Current yr Amt is Low Due to Use of One-Time Monies in Fund 40
Other Contributions	\$ (104,466)	\$ (104,466)	\$ -	
Expenses				
School Site Budgets	\$ 162,395,442	\$ 162,780,507	\$ (385,065)	Meas G Art Ind in FY 12-13, Not in FY 13-14. Amt Bgtd Ctrly Then Allocated
Budgeted Centrally for Schools (Site 998)	\$ 6,592,063	\$ 6,373,921	\$ 218,142	
Net Schools Related Budgets	\$ 168,987,505	\$ 169,154,427	\$ (166,922)	
Central Budgets	\$ 49,901,637	\$ 49,331,237	\$ 570,400	
Indirect Cost (Central Bgt offset)	\$ (3,756,723)	\$ (5,206,439)	\$ 1,449,716	Amt for FY 13-14 reduced to Budget Adopted Amt for FY 12-13
Net Central Budgets	\$ 46,144,914	\$ 44,124,798	\$ 2,020,116	
District Wide Budgets (Site 999)	\$ 4,238,200	\$ 5,135,252	\$ (897,052)	FY 12-13 Incl Pmt for Early Retirement (\$605k) and Bond/Board Election Exp (\$267k) Not in FY 13-14
Health Benefits increase	10.00%	8.05%	1.95%	10% increase for both Kaiser and HealthNet

GENERAL FUND – UNRESTRICTED

GENERAL FUND - UNRESTRICTED	2013-14 Bgt Dev	2012-13 2nd Interim	Difference
Revenues	\$ 263,193,282	\$ 262,881,357	\$ 311,925
Other Sources (Transfers-In)	734,067	1,323,260 (589,193)	
Indirect Cost Offset	3,756,723	5,206,439	(1,449,716)
Total Rev , Other Sources & Indirect A	\$ 267,684,072	\$ 269,411,056	\$ (1,726,984)
Total Uses (Contrib. & State Loan Debt Service) B	\$ 46,726,463	\$ 45,451,463	\$ 1,275,000
Net Available for Exps (Objs 1000-6999) A-B=C	\$ 220,957,609	\$ 223,959,593	\$ (3,001,984)
Total School Site Budgets	\$ 162,792,139	\$ 162,780,507	11,632
Total Central Office Budgets	49,901,637	49,324,058	577,579
Districtwide Budgets (Site 998 & 999)	10,830,263	11,509,173 (678,910)	
Total Expenses (Objs 1000-6999) D	\$ 223,524,039	\$ 223,613,737	\$ (89,699)
Net Incr/(Decr) in Fund Balance C-D=E	\$ (2,566,430)	\$ 345,855	\$ (2,912,285)
Total One-Time Items in Expenses F	\$ 1,554,717	\$ 3,426,033	(1,871,316)
Est (Deficit) / Surplus - After One-Time Exp Items E+F=G	\$ (1,011,713)	\$ 3,771,889	\$ (4,783,601)

2013-14 Unrestricted General Fund (1 of 3)

OUSD Bgt Dev 2013-14 Unrestricted General Fund					Comments
Revenues		2013-14 Bgt Dev	2012-13 2nd Interim	Difference	
Rev Limit		176,417,889	176,595,544	(177,655)	35 less ADA than 2nd Interim Based on Lower Projected Enrollment
Unrestr Fed		69,999	69,999	-	
Other State		61,062,646	60,540,713	521,933	Primarily More Mandated Block Grant (\$48/ADA FY13-14 vs \$28/ADA FY12-14)
Local		25,642,748	25,675,101	(32,353)	Diff includes one-time amount in FY 12-13
Total Revenues	a	263,193,282	262,881,357	311,925	
Other Sources					
Transfers In (Self Ins & other Funds to cover costs)		734,067	734,067	-	
Transfers In (from state loan to cover state loan pmt)			589,193	(589,193)	State Loan fully depleted in FY 12-13. No amt avail for FY 13-14
Total Other Sources	b	734,067	1,323,260	(589,193)	
Indirect Costs Offset					
Interprogram		2,395,558	3,874,966	(1,479,408)	Amt for 13-14 reduced to budget Adopted amt for 12-13
Interfund		1,361,165	1,331,473	29,692	
Total Indirect Cost Offset	c	3,756,723	5,206,439	(1,449,716)	
Total Rev , Other Sources & Indirect	a+b+c=d	\$ 267,684,072	\$ 269,411,056	\$ (1,726,984)	
Uses (Other than exps)					
Other Outgo		8,951,416	8,951,416	-	
Transfers Out		-	1,000,000	(1,000,000)	Transfer to Adult Ed Fund assumed to be eliminated
Contributions		37,775,047	35,500,047	2,275,000	Incr to RRMA transfer. Current yr amt is low due to use of one-time monies in Fd 40
Total Uses	e	\$ 46,726,463	\$ 45,451,463	\$ 1,275,000	

2013-14 Unrestricted General Fund (2 of 3)

OUSD Bgt Dev 2013-14 Unrestricted General Fund				
Net Available for Exps (Objs 1000-6999)	d-e=f	\$ 220,957,609	\$ 223,959,593	\$ (3,001,984)
Central Office Exps (Objs 1000-6999)				
Central Offices		49,901,637	49,324,058	577,579
Centrally Bgtd Site Exps - Site 998		6,592,063	6,373,921	218,142
Centrally Bgtd Site Exps - Site 999		3,738,200	3,628,243	109,957
One-Time Items-Consultants for St. Controller Audit Issues		500,000	635,000	(135,000)
Board/Bond (Measure J) Election Expense			267,267	(267,267)
Payment of Early Retirement Program			604,742	(604,742)
Total Central Budgets	g	60,731,900	60,833,231	(101,331)
School Site Budgets Exps (1000-6999)				
School Site Budgets (Inc. Balancing Pool-13-14)		156,589,595	156,684,911	(95,316)
Net Decr Not Made for Fall Revisions Based on Actual Enroll.			1,054,305	(1,054,305)
Measure G Art			366,626	(366,626)
Balancing Pool Awards		5,247,827	4,081,945	1,165,882
TSA Strategy		592,719	592,719	-
Newcomer Programs		361,998		361,998
Total School Site Budgets	h	162,792,139	162,780,507	11,632
Total Expenses (Objs 1000-6999)	g+h=i	\$ 223,524,039	\$ 223,613,737	\$ (89,699)
Net Incr/(Decr) in Fund Balance	f-i=j	\$ (2,566,430)	\$ 345,855	\$ (2,912,285)

2013-14 Unrestricted General Fund (3 of 3)

One-Time Items in Expenses				
One-time costs for Administrator on Special Assignment (ASA)			172,000	(172,000)
TSA Strategy (Three year strategy)		592,719	592,719	-
Payment of Early Retirement Program			604,742	(604,742)
Write-offs		100,000	100,000	-
Decr Not Made at Schls for Fall Revisions Based on Act Enroll			1,054,305	(1,054,305)
One-time Support for Audit work		500,000	635,000	(135,000)
Board/Bond (Measure J) Election Expense			267,267	(267,267)
Newcomer Programs		361,998		361,998
Total One-time Items in Exps	k	\$ 1,554,717	\$ 3,426,033	\$ (1,871,316)
Est (Deficit) / Surplus - After One-Time Exp Items	j+k=1	\$ (1,011,713)	\$ 3,771,889	\$ (4,783,601)

LOCAL CONTROL FUNDING FORMULA

Current Funding vs. Governor's Proposal

Current Funding

- Too complex
- Inequitably distributed
- Not reflective of student needs
- State-driven & interferes with local official plans
- Few incentives for innovative programs
- Inflexible Categorical Programs

Local Control Funding Formula

- User-friendly
- Funding targeted at needs of students
- Eliminate system of inflexible categorical programs
- District has spending controls
- High-need students likely to benefit

LCFF – Challenges & The Big Picture

- to deliver funding to where it is needed without How punishing other districts
- Understanding fiscal implications of English-learner and high-poverty student population
- Application of 1.65% COLA but deficit of 22.72 in place for 2013-14?
- Caution: Too many variables to LCFF...Cal Dept of Finance scheduled to calculate preliminary funding for all districts in near future
- Clarification needed on how to treat current component of Revenue Limit Calculations

Key Elements – Local Control Funding Formula

- LCFF would replace Revenue Limits & most categorical programs
- LCFF would generate flexible funding that could be used for any educational purpose
- LCFF proposed:
 - Calculate a based grant equal to undeficit per-ADA
 - Calculate differential adjustments for:
 - Early Primary, Primary, Middle, & High School grade spans
 - Add funding for K-3 CSR & 9-12 CTE
 - Calculate need-based school population for
 - English Learner
 - Free & Reduced Lunch
 - Foster Youth

Key Elements – Local Control Funding Formula (cont'd)

- **The following programs are excluded from LCFF:**
 - Special Education
 - Child Nutrition
 - QEIA
 - After School Programs
 - Other Federally mandated (American Indian, Preschool)
- **The following programs are add-ons**
 - Pupil Transportation
 - Targeted Instructional Improvement Grant (TIIG)
 - Both add-ons can be used for any educational purposes
- **Timeline: Phased in over seven-years...to be fully completed by 2020-21**

Local Control Funding Formula

LCFF Entitlement Calc.

- Base Grant: **\$222,477,801**
- Supplemental: **\$62,083,447**
- Concentration: **\$23,149,831**
- Augmentations/Adj **\$10,808,523**
- Add-ons: **\$13,270,170**
- LCFF 7-Yr target: **\$331,789,772**

2012-13 Minimum Funding

- 2012-13 deficated RL: **\$184,600,089**
- Categoricals: **\$64,431,592**
- 2012-13 Hold-harmless: **\$249,031,681**
- Funding Gap: **\$80,064,077**
- 10% Additional Funding: **\$8,006,408**

State Loan

State Loan (1 of 2)

Oakland Unified School District		ORIGINAL STATE LOAN REPAYMENT SCHEDULE					
Loan Amortization Calculations		DEBT SERVICE					
20 Year		Year	Date	Principal	Interest Amount	Total Payment	Principal Balance
INPUT:							
Interest Rate:	1.78%						
Principal Amount:	\$ 65,000,000						
Dated Date:	6/1/2003		6/1/2003				\$ 65,000,000
First Payment Date:	6/1/2004	1	6/1/2004	\$ 2,734,834	\$ 1,155,700	\$ 3,890,534	\$ 62,265,166
Number of Years:	20	2	6/1/2005	\$ 2,783,459	\$ 1,107,075	\$ 3,890,534	\$ 59,481,707
Number of Payments:	20	3	6/1/2006	\$ 2,832,949	\$ 1,057,585	\$ 3,890,534	\$ 56,648,758
		4	6/1/2007	\$ 2,883,319	\$ 1,007,215	\$ 3,890,534	\$ 53,765,439
		5	6/1/2008	\$ 2,934,584	\$ 955,950	\$ 3,890,534	\$ 50,830,854
Original Loan:	\$ 65,000,000	6	6/1/2009	\$ 2,986,761	\$ 903,773	\$ 3,890,534	\$ 47,844,093
Repaid thru 12/8/05	\$ 5,518,293	7	6/1/2010	\$ 3,039,866	\$ 850,668	\$ 3,890,534	\$ 44,804,227
Net Amount Owed:	\$ 59,481,707	8	6/1/2011	\$ 3,093,915	\$ 796,619	\$ 3,890,534	\$ 41,710,312
		9	6/1/2012	\$ 3,148,925	\$ 741,609	\$ 3,890,534	\$ 38,561,388
		10	6/1/2013	\$ 3,204,912	\$ 685,621	\$ 3,890,534	\$ 35,356,475
		11	6/1/2014	\$ 3,261,896	\$ 628,638	\$ 3,890,534	\$ 32,094,580
		12	6/1/2015	\$ 3,319,892	\$ 570,642	\$ 3,890,534	\$ 28,774,687
		13	6/1/2016	\$ 3,378,920	\$ 511,614	\$ 3,890,534	\$ 25,395,767
		14	6/1/2017	\$ 3,438,997	\$ 451,537	\$ 3,890,534	\$ 21,956,770
		15	6/1/2018	\$ 3,500,143	\$ 390,391	\$ 3,890,534	\$ 18,456,628
		16	6/1/2019	\$ 3,562,375	\$ 328,159	\$ 3,890,534	\$ 14,894,253
		17	6/1/2020	\$ 3,625,714	\$ 264,820	\$ 3,890,534	\$ 11,268,539
		18	6/1/2021	\$ 3,690,179	\$ 200,355	\$ 3,890,534	\$ 7,578,359
		19	6/1/2022	\$ 3,755,791	\$ 134,743	\$ 3,890,534	\$ 3,822,569
		20	6/1/2023	\$ 3,822,569	\$ 67,965	\$ 3,890,534	\$ -
				\$ 65,000,000	\$ 12,810,678	\$ 77,810,678	

Federal Sequestration

Sum of Sequestration for Title I, II & III

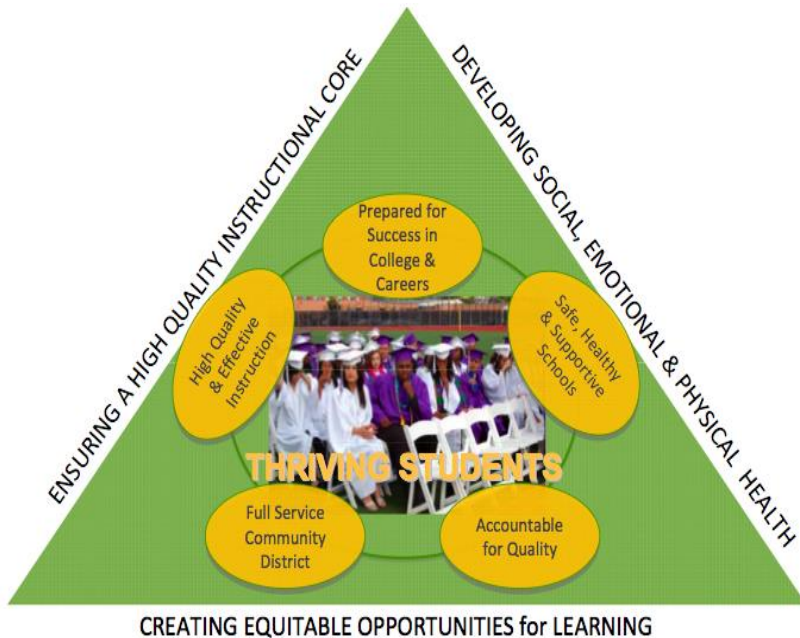
	Title I	Title II	Title III Immigrant	Title III L.E.P.	TOTAL
Est Entitlement	\$ 19,000,000	\$ 3,751,803	\$ 151,800	\$ 1,169,624	\$ 24,073,227
Est 10 % Reduction	(1,900,000)	(375,180)	(15,180)	(116,962)	(2,407,323)
Est Net Entitlement	\$ 17,100,000	\$ 3,376,623	\$ 136,620	\$ 1,052,662	\$ 21,665,904

INVESTMENT

Strategic Priorities Defined

Adoption of Community Schools,
Thriving Students Strategic Plan

Adoption of the Balanced Scorecard
& Board Strategic Priorities



Student Achievement

Organizational Excellence

1. Every 9th grader graduates high school prepared to succeed in college and career.

1. There is high quality instruction in every classroom.

2. Students attend school every day.

2. Every school is a high-quality full-service community school.

3. Racial disparities in student discipline are not evident.

3. OUSD is solvent and its financial resources are maximized to improve teaching and learning.

WHAT? Board Strategic Priorities that Require Increased Investments

- ◆ **Common Core State Standards:** Develop capacity and technology infrastructure in preparation for new assessment system (Smarter Balance Approach)
- ◆ **Transforming School Culture- Voluntary Resolution Plan:** Eliminate disproportionality and support Voluntary Resolution Plan (VRP) implementation
- ◆ **Improve High School Graduation Rate:** Strategies to meet the Balanced Scorecard targets

WHY? Adoption, Analysis and Alignment

- ◆ Strategic Plan approved and driving policy
- ◆ Balanced scorecard and performance targets aligned to plan drive priorities
- ◆ Board budget priorities to be aligned to balanced scorecard and performance targets
- ◆ Student Data analyzed and needs defined
- ◆ Central Department absorbed the majority of Federal and Local Budget reduction (\$14 M) through reduction and reorganization process

Why? Tipping Point

- Understanding and support for the plan has grown.
- Accountability metrics for the system have been set.
- Quality Standards and School Quality Reviews for schools have been tested.
- Multiple and varied data is available to inform the work of central office and schools.
- CSSSP, new planning tool and process has been tested and refined.
- Common Core State Standards transition initiated.
- VRP adopted.
- The foundations and conditions for a more aggressive and systemic implementation of the strategic plan for student results have been set.

We are at a critical juncture!

Key Gears for Success

