



OAKLAND UNIFIED
SCHOOL DISTRICT
Community Schools, Thriving Students

2019-20 Budget Reduction Plan

January 23, 2019 - Final



iam OUSD

Presented by: Marcus Battle, Chief Business Officer
To: OUSD Board of Education

Discussion Topics

1. Background
2. Updated Reduction Scenarios & Recommendation
3. Update on Gov Budget and What it Means for Oakland
4. Next Steps



BACKGROUND



Our District Priorities

VISION & MISSION

Where are we going and why?

PRIORITIES - THEORY OF ACTION

How will we get there?

ORGANIZATIONAL RESILIENCE

Teacher Retention, [School Governance](#) & [Equity Policy](#)

QUALITY COMMUNITY SCHOOLS

[BP 6006 Community of Schools](#),
LCAP, [Quality School Development](#)

FISCAL VITALITY

[BP 3150](#), [Fiscal Vitality Plan](#)

INPUT

Informs specific reductions

Stakeholders: Students ([All-City Council](#)), Principals ([PAC Survey](#)), Staff & Community ([Community Survey](#)):

Benchmarks: District Comparisons, FCMAT Report

Recent Budget History

June 2018

Projected deficits in 2019-20 and beyond at current spending levels and flattening revenue

September 2018

Closing of the books for 2017-18 shows greater than expected savings from budget reductions and fiscal restraint

December 2018

2018 1st Interim support projects minimal deficit in 2019-20, but no funds for investment or 3%+ reserve

January 30, 2019

Board scheduled to adopt revised reductions/savings plan after second review January 23rd

August 2018

Board Passes [1st Fiscal Vitality Resolution](#) to plan reductions/savings of \$30M in 2019-20 to ensure solvency and reserves

November 2018

Board passes [updated Fiscal Vitality resolution](#) to plan reductions/savings of \$30M in 2019-20. to fund priorities including compensation and reserves

January 9 and 23, 2019

Full Board reviews reductions/savings plan prepared by staff



Summary from Jan. 9 Board Presentation

Staff presented three reduction scenarios which:

- Alignment with Board Policy 3150
 - Substantial reductions to central admin
 - Limited reductions to central services to sites
 - Limited reductions to school sites
- Had options with varying reduction totals (only one option with \$30M in total reductions)

The Board directed staff to return with scenarios which:

- Identify full \$30 million in reductions
- Establish 3% Reserve for 2019-20 and continue to increase every year after
- Expand range of options considered and include central services to sites
- Explore reallocating supplemental funds
- Minimize negative impact on school sites
- Investigate reductions to contracts and classified management

UPDATED REDUCTION SCENARIOS AND RECOMMENDATION



Ground in our Mission, Vision and Values

Over the previous months, we have heard from Principals, Teachers, Parents, Unions, Committees, and Community about a proposed reduction plan.

We believe the reductions we are recommending are:

- **part of the hard work and trade-offs we need to do to improve teacher retention and student performance as per our LCAP goals**

We recognize that these reductions will:

- **affect programs we value and employees we deeply care about; we will not be able to keep the current level of current employees and programs.**

We know that our community, employees and stakeholders have asked us to:

- **take a deeper look at our consultant contracts and management (central office administrators)**
- **avoid impacting services and supports named by students, principals and community**

Our Process to Recommended Reductions

In order to get to our recommendation, we explored multiple scenarios considering the follow parameters:

- Reductions need to be in unrestricted funds; which include general purpose and supplemental & concentration funds.
- Reallocation of supplemental funds need to comply with the purpose of the use of the funds and be approved by the county.
- Reductions need to be guided within the framework of BP 3150 with some flexibility to get to the desired reduction target.
- Reductions to school site budgets should be as minimal as possible.
- Look into consultant contracts and central office management



Steps Taken to Get to Reduction Recommendation

Given our parameters, we took the following steps to consider various scenarios to get to our recommendation:

Step 1: Examine the impact of only reducing central staff funded by unrestricted general purpose dollars. (Detail in appendix)

Step 2: Examine the impact of reducing central staff and staff hired to perform central services at school sites funded by unrestricted general purpose dollars; and reduce school site discretionary funds. (Detail in appendix)

Step 3: Examine the impact of reducing central staff and staff hired to perform central services at school sites funded by unrestricted general purpose dollars and supplemental funds; and reduce school site discretionary funds



Step 3: Examine the Reallocation of Supplemental Funds

The reallocation of Supplemental funds involves the following parameters:

- Supplemental are additional funds given to school sites to serve specific populations of students: English Learners, low income, and foster youth.
- Supplemental funds must be used to support the academic outcomes of the specific students listed above and must be based on the LCAP goals, measured by our student outcomes.
- The Parent and Student Advisory Committee is required to be consulted on recommendations on how we make investments using our Supplemental funds.

Student-Centered LCAP Goals

Goal 1: Graduates are college and career ready.

Goal 2: Students are proficient in state academic standards.

Goal 3: Students are reading at or above grade level.

Goal 4: English Learners are reaching English fluency.

Goal 5: Students are engaged in school every day.

Goal 6: Parents and families are engaged in school activities.



FOCUS AREAS

- Conditions for Student & Adult Learning
- Standard-Based Instruction
- Language & Literacy

Explanation of FTE and Programs in Supplemental Funds in 5700

“5700s” represent positions that sit in central budgets and provide direct services to schools; however, schools have decided to purchase these services:

- Restorative Justice Facilitators (21 FTE = 8.75 FTE central and 12.25 sites)
- African American Male Achievement Facilitator (5 FTE site funded)
- Community School Managers (33.4 FTE= 13.9 central-grant funded and 19.5 sites)
- College / Career Pathways (7.5 FTE= 6 central and 1.5 sites)
- Counselors (48.5 FTE= 33.2 GP and 15.3 FTE Supplemental)
- School Security Officers (82 FTE Supplemental)
- Custodians (210 FTE paid for by general purpose funds)
- Counseling Interns (1 FTE Supervisor; Site purchase of service)

Considerations for Prioritization

Considered Stakeholder Input	Prioritized Investments	Changes to implementing services
Student Survey Principal Survey Community Survey	Special Education Nurses Counselors Teacher Retention Teacher Recruitment Teacher Compensation Nutrition Services Custodians	Community Schools Student Services Linked Learning Academics and Instructional Innovation Procurement Financial Services Police Services Technology

BP 3150 Allocations Including Recommended Reductions

NOTE: Numbers Subject to Revision at Interim Reporting.

1. Legally Obligated Expenses	2. Central District wide Administrative Costs (12% Cap \$49.8M)	3. Specified Central Services to School Sites	4. School Site Budgets
~\$29M	~\$59M ~\$48M	~\$98.6M ~\$94.2M	~230 ~\$227M
-State Loan (~\$6.5M) -Audit Findings (~\$5.5M) -Routine Repair & Maintenance (~\$17M)	e.g. finance, human resources, performance management, instructional services, legal services, district leadership	1. Special Education 2. Custodial and Buildings & Grounds 3. School Police & School Security Officers 4. School Nurses 5. School Counselors 6. Specified Enrichment Resources (i.e. summer school, music, art, nutrition services, athletics)	1. Gradespan 2. Free & Reduced Lunch 3. English Learners 4. Foster Care 5. High-stress neighborhoods

Final Recommendation: Reduce Central Admin and Central Services using General Purpose Funds and by Reallocating Supplemental Funds, and reduce Site Budget Discretionary Funds

BP 3150	Reduction	Impact All FTE figures are based on current employees; excluding vacancies
Central Administration	\$11.2M Reduce 84 FTE (Supplemental & GP and max. restricted funds)	Using supplemental reallocation and general purpose funds to make reductions allows us to make more strategic reductions to central administrative services. The impact is still great and will require a central office reorganization and identification of services and functions that will no longer occur.
Central Services	\$4.4M Reduce 68.4 FTE (Supplemental & GP and max.restricted funds)	The use of supplemental dollars will help prevent the entire elimination departments providing of services to schools funded by general purpose funds (e.g. custodians) However, these reductions will cause a reorganization in how we provide services.
School Sites	\$3M	School Site Discretionary Funds Reduction: Site Based Decisions to reduce (e.g. some staffing, contracts for services).
Operational Savings	\$2M	Implement Saturday School, Facilities Rental Redesign, School Consolidations, and Energy Savings, Contracts
Total	\$20.6M	

Governor's Budget Proposal - Potential Impact to OUSD*

Funding Adjustment Description	FY 2018 - 19	FY 2019- 20	FY 2020 - 21
LCFF (COLA Adjustment - Revised LCFF Calculator) Cost of Living Adjustment estimated at \$343 per ADA (~3.37%) based on 3.46% increase to subset of LCFF Funding categories.	\$ 0	\$3 Million	\$3 Million
STRS Adjustment (Estimated One-Time Rate Savings at \$50 per ADA) Reduction in employer contribution to STRS retirements estimated at 1 percentage point 2019-20 and 2020-21.	\$ 0	\$ 1.7 Million	\$ 1.7 Million
Early Childhood Education (TBD) \$2.4 Billion of targeted investments statewide	\$ -	\$ -	\$ -
Multi-Year Estimated Adjustment at 2019-20 Interim <small>*Estimated in part by Governor's proposal based on law at budget adoption in June 2019. Estimated at First Interim equals 34,642 for FY 2019-20 and 34,483 for FY 2020-21</small>	\$ 0	\$ 4.7 Million	\$ 4.7 Million



Plan for Addressing the Impact of Reductions

Given the amount of reductions that will happen in one year, we are expecting considerable impact on school sites and central office personnel and programming. The loss of people is very difficult and we will do everything we can to create a respectful transition for those who may lose a position in this process. The following are steps we will be incorporating into a transition plan to address the impact of the reductions:

- **Central Office Redesign:** Continue to redesign grounded in Board policies 3150 and 6006 and reality of staffing reductions to establish a central office that supports our LCAP goals and services to school sites.
- **Transition Planning**
 - Personalized support for employee job transitions
 - Create alternative plans to address reductions in central services to sites
 - Continue to see grant funding for programs and services that have been reduced



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OUSD



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APPENDIX

Operational Savings Detail:

- **Cost Savings**
- **Revenue Generation**

Operational Savings

Plan	FY 2019-20
	Estimated Savings
Facilities Rentals Redesign	\$460,000
Districtwide Saturday School - ADA Recovery Program (minimum 25 sites)	\$1,265,625
School Consolidations and Closures	\$81,000
Reduced Energy & Utilities Costs	\$150,000
Total Savings & Reductions	\$1,956,625



Further Detail on Steps Taken to Examine Reduction Scenarios

Step 1: Examine the Reduction to only Central Staff that are funded with General Purpose Dollars - **Not Recommended**

BP 3150	Reduction	Impact <i>All FTE figures are based on current employees; excluding vacancies</i>
Central Administration	Reduction of 208.1 FTE impacting 252 employees \$28M (General Purpose Dollars)	Many of our staff that perform core functions are funded by general purpose dollars. Our ability to hire, support, pay and train our employees would be eliminated or reduced by 60-80%. Our ability to balance our books, clean schools, transport and provide a safe learning environment for our students would also be eliminated in its entirety or reduced by at minimum 60%. Most academic central office services would remain more intact due to supplemental funding, however, they would lack sufficient infrastructure from our core services to allow them to function.
Central Services	---	Departments that provide central services to sites would remain; however, there would be less central infrastructure to support the implementation.
School Sites	---	Reducing central administration will have indirect impact on school sites; such as delayed or discontinued services and support to sites.
Operational Savings	\$2M	Implement Saturday School, Facilities Rental Redesign, School Consolidations, and Energy Savings
Total	\$30M	

Step 2: Examine the Reduction to Central Admin and Central Services with only General Purpose Dollars; and reduce Site Budget Discretionary Funds **Not Recommended**

BP 3150	Reduction	Impact <i>All FTE figures are based on current employees; excluding vacancies</i>
Central Administration	\$11M Reduce 84 FTE out of 227.5FTE (General Purpose Dollars Only)	Reducing the total reduction to central admin funded by general purpose lessons the impact on the unrealistic reduction of departments we saw in scenario 1, however, only reducing staff funded by general purpose dollars does not allow us to be strategic in our reductions. We instead, used a proportional reduction for each department.
Central Services to Sites	\$14M Reduce 240 FTE out of a total 294.4 fte (General Purpose Dollars Only)	There are only 4 departments/position types funded by GP in central services. Given this restriction, there would be the elimination of services to maintain clean and safe schools.
School Sites	\$3M	School Site Discretionary Funds Reduction: Site Based Decisions to reduce (e.g. staffing, contracts for services).
Operation Savings	\$2M	Implement Saturday School, Facilities Rental Redesign, School Consolidations, and Energy Savings
Total	\$30M	

Board Policy 3150: Results Based Budgeting

BP 3150: Maximizing Unrestricted Funds

(Including Supplemental & Concentration Funds)

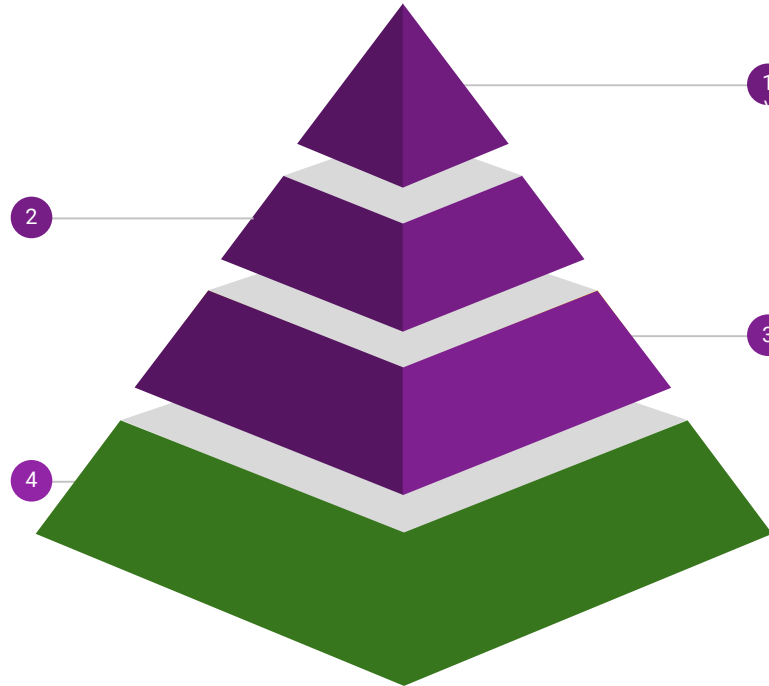
12% for District-Wide Administrative Services

12% = For example: Indirect admin costs, both mandatory expenses and commitments

All Remaining Unrestricted Revenue to School Sites

Based on the projected student enrollment and the following:

1. Gradespan
2. Free & Reduced Lunch
3. English Learners
4. Foster Care
5. high-stress neighborhoods



1 Legally Required District-Wide Obligations

For example: State Loan Audit Findings, etc.

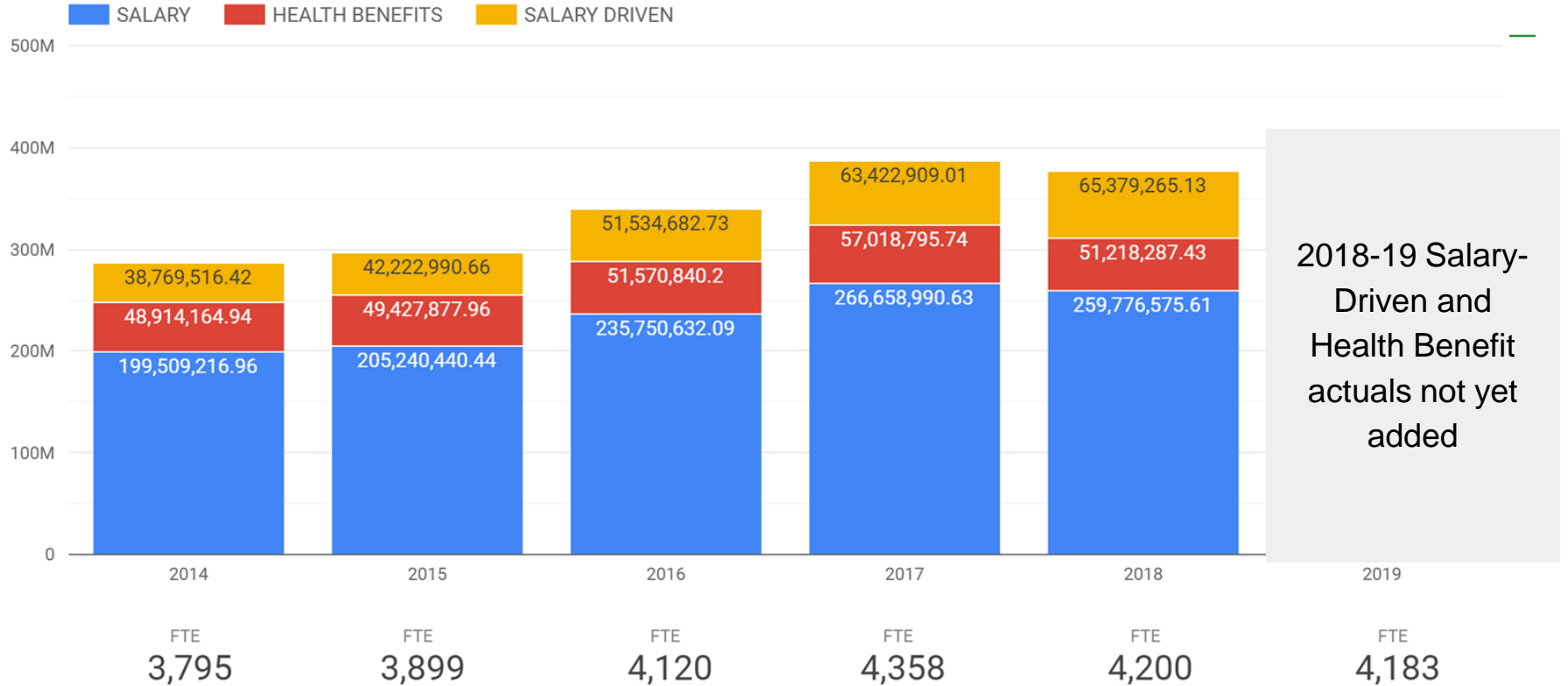
3 Specific Services to Schools

Named Services:

1. Special Education
2. Custodial and Buildings & Grounds
3. School Police & School Security Officers
4. School Nurses
5. School Counselors
6. Specified Enrichment Resources (i.e. summer school, music, art)

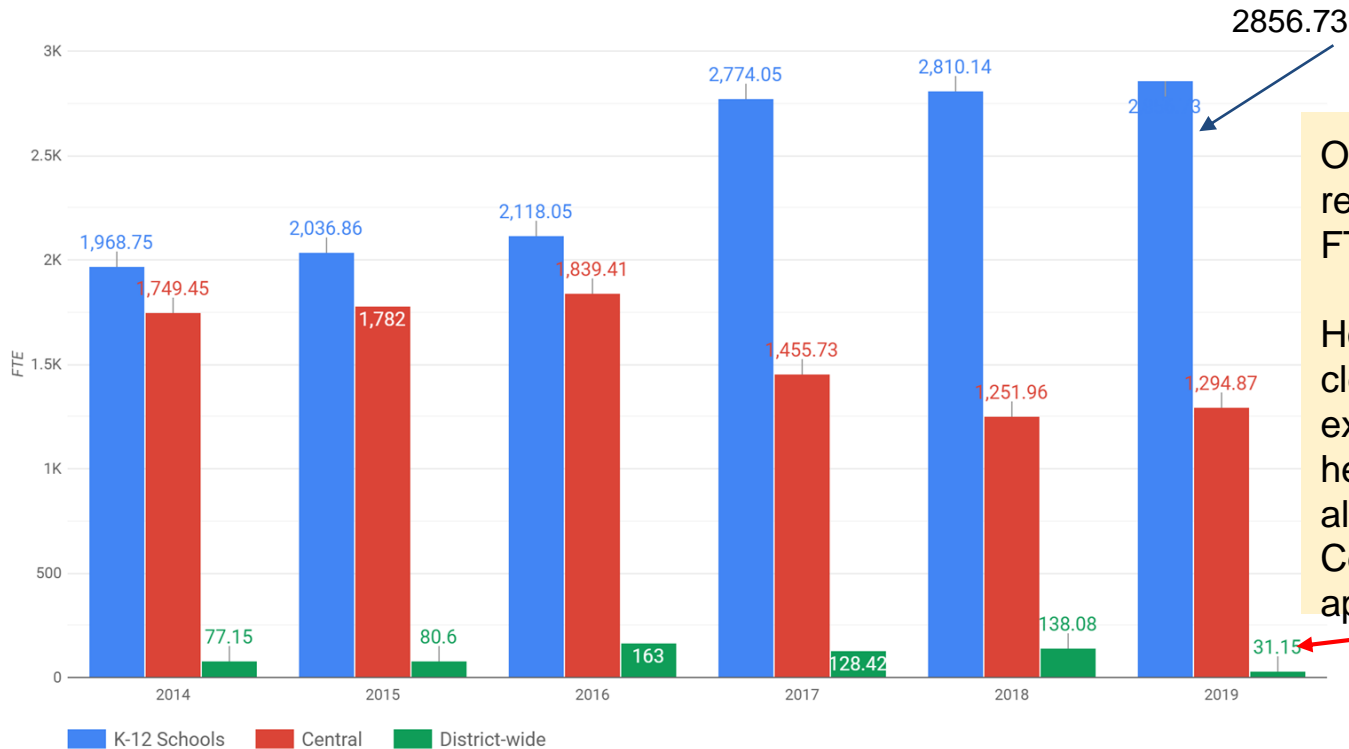
Staffing Info

OUSD Staffing History - All General Fund



OUSD Staffing History - FTE by site type

OUSD General Fund FTEs By Site Type*
(2013-14 to 2018-19)

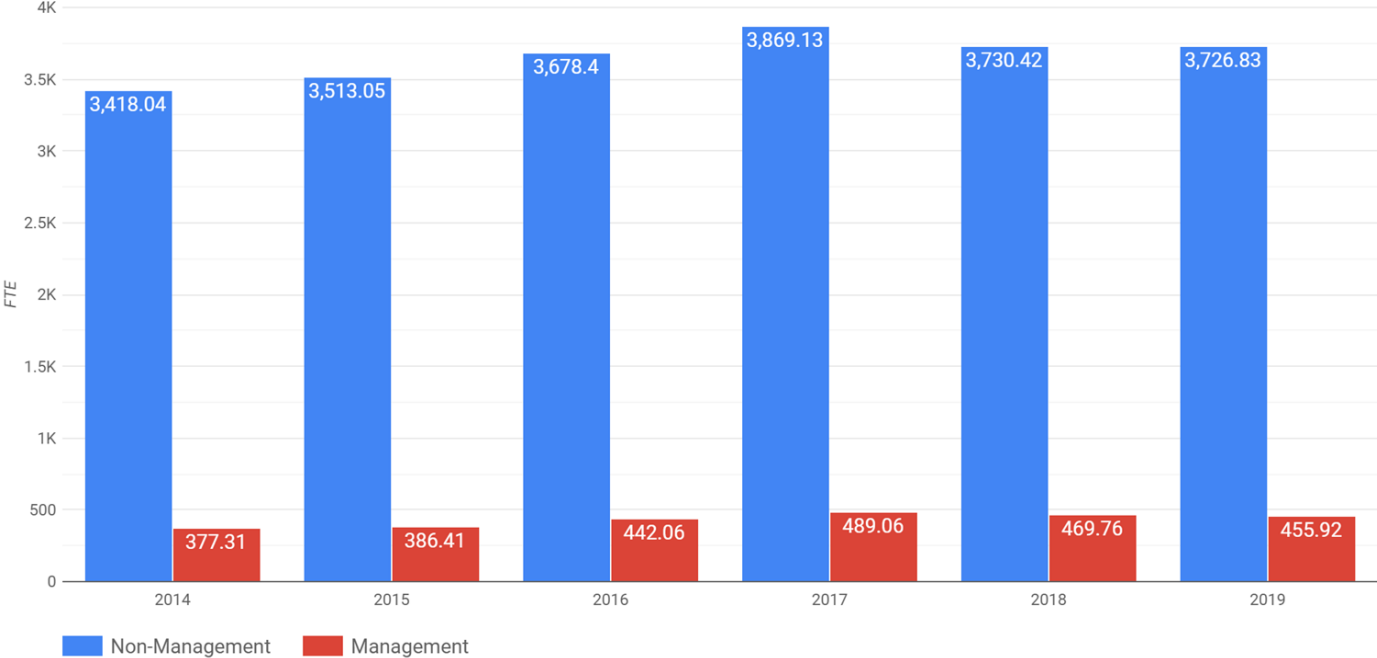


Overall, 2018-19 shows a reduction in staffing of 17 FTE from 2017-18.

However, as part of budget cleanup in 2018-19, expenditures (including FTE) held as District-wide were allocated to schools and Central departments where appropriate.

OUSD Staffing History - FTE by employee type

OUSD General Fund FTEs By Employee Type*
(2013-14 to 2018-19)



Classified Management

Public reports show OUSD has more Classified Administrators than most districts. OUSD identifies positions as Classified Administrators at a higher rate than other districts, and many of our Classified Administrator positions are funded with specialized funds to serve our specific student population.

Over-Identification

The District currently has more positions identified as Classified Management than other districts. Based on state definitions, many positions may be misidentified as management (e.g., Accountants, Executive Assistants, Coaches, Financial Analysts, RJ Coordinators, Community School Managers).

Theory of Action

Over half of the Classified Management positions are funded by **Restricted** or **S&C** funds aligned to OUSD's theory of action and the special needs of our student population.

* California Department of education includes as "Classified Supervisors and Administrators"; supervisory personnel who are business managers, controllers, directors, chief accountants, accounting supervisors, purchasing agents, site administrators, assistant superintendents, and superintendents.

Classified Management - General Purpose Funded

Central Departments and District Wide Expense	
Position Title	FTE
Financial Analyst	8.4
Financial Accountant III	5.7
Business Mgr Central Office	4
Regional Staff Analyst II HR	4
Police Sergeant	3
Supervisor Custodian Field	3
Coordinator Classified	2.5
Admin Coordinator Board of Edu	2
Analyst Central Office Staff	2
Coord Disability Management	2
Office Manager	2
Regional Staffing Analyst I HR	2
Sr Dir Strategic Projects	2
Sr Exec Asst Superintendent	2
Grand Total	120.3

School Sites	
Position Title	FTE
Program Mgr Community School	7.6
Office Manager	2
Business Manager School Site	1
Grand Total	10.6

- 120.3 FTE of Classified Management positions are funded at Central in 2018-19 with General Purpose funds
- 10.6 FTE of Classified Management positions are funded at K-12 schools in 2018-19 with General Purpose funds

*Positions shown for Central are those with 2 or greater FTE.

Classified Management - S&C, Restricted, Other Funded

Central Departments and District Wide Expense	
Position Title	FTE
Program Mgr Community School	20.8
Financial Accountant II	6
Program Mgr Behavioral Health	6
Project Manager Facilities Pln	6
Coach College/Career Pathways	5
Manager Buildings & Grounds	5
Program Manager Compliance	5
Partner Network	4.6
Coordinator Facilities Mgmt	4
Prog Mgr Restorative Justice	4
Nutrition Svc Field Supervisor	3
Partner School	3
Program Manager After School	3
Mgr CTE C&C Pathways Sec Sch	2.8
Program Manager Classified	2
Grand Total	151.9

School Sites	
Position Title	FTE
Coach College/Career Pathways	6.0
Program Mgr Community School	5.1
Program Manager Classified	1.0
Partner School Improvement	1.0
Dir Continuous Ed Lrning Lab	0.9
Coordinator Classified	0.7
Grand Total	14.6

- 151.9 FTE of Classified Management positions are funded at Central in 2018-19 with **Non** General Purpose funds
- 14.6 FTE of Classified Management positions are funded at K-12 schools in 2018-19 with **Non** General Purpose funds

*Positions shown for Central are those with 2 or greater FTE.

Contract Info

Consultant & Contracts

Of the **\$67M*** in contracts, more than **\$40M** was funded by Restricted dollars.

	Restricted	Unrestricted	Grand Total
Central	\$26.5	\$22.5	\$49.0
Schools	\$13.9	\$4.5	\$18.4
Grand Total	\$40.4	\$27.1	\$67.5

Of the **\$22M** funded with Central Unrestricted funds:

- **\$11M+** funded student transportation, an expense expected to rise in 2019-20.
- The **largest remaining** amounts primarily fund software to run existing programs or direct services to students and teachers (see appendix).

* 2017-18 Contracts entered. Not all contracts were fully completed, so total spent was less. 2018-19 was not used as it is only a partial year.

Largest Central, Unrestricted Contracts*

Vendor	Amount
ALAMEDA COUNTY OFFICE OF EDUCATION	\$1,129,500
STREET ACADEMY FOUNDATION	\$768,000
ESCAPE TECHNOLOGY	\$545,205
POWERSCHOOL GROUP,	\$401,987
GATEWAY TO COLLEGE	\$389,289
SPRINGBOARD COLLABORATIVE	\$360,855
BLUEPRINT SCHOOLS NETWORK, INC.	\$303,099
ROBERT HALF	\$287,178
PUBLIC CONSULTING GROUP	\$281,825
SHI INTERNATIONAL CORP.	\$273,244
MARCUS FOSTER EDUCATION INSTITUTE	\$250,000

* 2017-18 Contracts entered. Does not include \$11.6M in Transportation contracts. See full list of 17-18 contracts [here](#).