



OAKLAND UNIFIED  
SCHOOL DISTRICT

*Community Schools, Thriving Students*

**2012-2013**

**V.8**

**Board Budget Study Session**

**Wednesday March 13<sup>th</sup>, 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	
<b>Enrollment</b>		36,197	36,256	(59)	Slight reduction in projected enrollment
<b>Cost of Living Adjustment (COLA)</b>		0%	0%	0%	Governor's State Bgt Assumes 1.65%; \$111/ADA . Not assumed at this time
<b>Rev for Student Attendance (Rev Limit)</b>					
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)	
<b>Other State Revenue</b>					
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	\$ -	
<b>Local</b>					
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	
<b>Transfer In</b>				
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	\$ -	
<b>Other Outgo</b>				
Charter Transfers	\$ 2,776,051	\$ 2,776,051	\$ -	
Debt Service (State Loan)	\$ 5,985,477	\$ 5,985,477	\$ -	
<b>Transfers Out</b>				
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
<b>Contributions</b>				
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)	\$ -	
<b>Expenses</b>				
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)
<b>Total Rev , Other Sources &amp; Indirect</b> A	<b>\$ 267,684,072</b>	<b>\$ 269,411,056</b>	<b>\$ (1,726,984)</b>
<b>Total Uses (Contrib. &amp; State Loan Debt Service)</b> B	<b>\$ 46,726,463</b>	<b>\$ 45,451,463</b>	<b>\$ 1,275,000</b>
<b>Net Available for Exps (Objs 1000-6999)</b> A-B=C	<b>\$ 220,957,609</b>	<b>\$ 223,959,593</b>	<b>\$ (3,001,984)</b>
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)	
<b>Total Expenses (Objs 1000-6999)</b> D	<b>\$ 223,524,039</b>	<b>\$ 223,613,737</b>	<b>\$ (89,699)</b>
<b>Net Incr/(Decr) in Fund Balance</b> C-D=E	<b>\$ (2,566,430)</b>	<b>\$ 345,855</b>	<b>\$ (2,912,285)</b>
Total One-Time Items in Expenses	F \$ 1,554,717	\$ 3,426,033	\$ (1,871,316)
<b>Est (Deficit) / Surplus - After One-Time Exp Items</b> E+F=G	<b>\$ (1,011,713)</b>	<b>\$ 3,771,889</b>	<b>\$ (4,783,601)</b>

# 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
<b>Total Revenues</b>	<b>a</b>	<b>263,193,282</b>	<b>262,881,357</b>	<b>311,925</b>	
<b>Other Sources</b>					
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
<b>Total Other Sources</b>	<b>b</b>	<b>734,067</b>	<b>1,323,260</b>	<b>(589,193)</b>	
<b>Indirect Costs Offset</b>					
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	
<b>Total Indirect Cost Offset</b>	<b>c</b>	<b>3,756,723</b>	<b>5,206,439</b>	<b>(1,449,716)</b>	
<b>Total Rev , Other Sources &amp; Indirect</b>	<b>a+b+c=d</b>	<b>\$ 267,684,072</b>	<b>\$ 269,411,056</b>	<b>\$ (1,726,984)</b>	
<b>Uses (Other than exps)</b>					
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
<b>Total Uses</b>	<b>e</b>	<b>\$ 46,726,463</b>	<b>\$ 45,451,463</b>	<b>\$ 1,275,000</b>	

# 2013-14 Unrestricted General Fund (2 of 3)

<b>OUSD Bgt Dev 2013-14 Unrestricted General Fund</b>				
<b>Net Available for Exps (Objs 1000-6999)</b>	<b>d-e=f</b>	<b>\$ 220,957,609</b>	<b>\$ 223,959,593</b>	<b>\$ (3,001,984)</b>
<b>Central Office Exps (Objs 1000-6999)</b>				
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)
<b>Total Central Budgets</b>	<b>g</b>	<b>60,731,900</b>	<b>60,833,231</b>	<b>(101,331)</b>
<b>School Site Budgets Exps (1000-6999)</b>				
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
<b>Total School Site Budgets</b>	<b>h</b>	<b>162,792,139</b>	<b>162,780,507</b>	<b>11,632</b>
<b>Total Expenses (Objs 1000-6999)</b>	<b>g+h=i</b>	<b>\$ 223,524,039</b>	<b>\$ 223,613,737</b>	<b>\$ (89,699)</b>
<b>Net Incr/(Decr) in Fund Balance</b>	<b>f-i=j</b>	<b>\$ (2,566,430)</b>	<b>\$ 345,855</b>	<b>\$ (2,912,285)</b>



# 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
<b>Total One-time Items in Exps</b>	<b>k</b>	<b>\$ 1,554,717</b>	<b>\$ 3,426,033</b>	<b>\$ (1,871,316)</b>
<b>Est (Deficit) / Surplus - After One-Time Exp Items</b>	<b>j+k=1</b>	<b>\$ (1,011,713)</b>	<b>\$ 3,771,889</b>	<b>\$ (4,783,601)</b>

# 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
<b>INPUT:</b>			6/1/2003				\$ 65,000,000
Interest Rate:	1.78%						
Principal Amount:	\$ 65,000,000						
Dated Date:	6/1/2003		6/1/2003				
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
		<b>10</b>	<b>6/1/2013</b>	<b>\$ 3,204,912</b>	<b>\$ 685,621</b>	<b>\$ 3,890,534</b>	<b>\$ 35,356,475</b>
		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	\$ -
				<b>\$ 65,000,000</b>	<b>\$ 12,810,678</b>	<b>\$ 77,810,678</b>	

# State Loan (2 of 2)

Oakland Unified School District								
Loan Amortization Calculations								
20 Year								
<b>INPUT:</b>		<b>DEBT SERVICE</b>					<b>Principal</b>	
Interest Rate: 1.78%		<b>Year</b>	<b>Date</b>	<b>Principal</b>	<b>Interest Amount</b>	<b>Total Payment</b>	<b>Balance</b>	
Principal Amount: \$ 35,000,000			6/1/2006				\$ 35,000,000	
Dated Date: 6/1/2006		1	6/1/2007	\$ 1,472,603	\$ 622,300	\$ 2,094,903	\$ 33,527,397	
First Payment Date: 6/1/2007		2	6/1/2008	\$ 1,498,786	\$ 596,117	\$ 2,094,903	\$ 32,028,611	
Number of Years: 20		3	6/1/2009	\$ 1,525,434	\$ 569,469	\$ 2,094,903	\$ 30,503,177	
Number of Payments: 20		4	6/1/2010	\$ 1,552,556	\$ 542,346	\$ 2,094,903	\$ 28,950,621	
		5	6/1/2011	\$ 1,580,161	\$ 514,742	\$ 2,094,903	\$ 27,370,460	
		6	6/1/2012	\$ 1,608,256	\$ 486,647	\$ 2,094,903	\$ 25,762,204	
		<b>7</b>	<b>6/1/2013</b>	<b>\$ 1,636,851</b>	<b>\$ 458,052</b>	<b>\$ 2,094,903</b>	<b>\$ 24,125,353</b>	
		8	6/1/2014	\$ 1,665,954	\$ 428,949	\$ 2,094,903	\$ 22,459,399	
		9	6/1/2015	\$ 1,695,575	\$ 399,328	\$ 2,094,903	\$ 20,763,824	
		10	6/1/2016	\$ 1,725,722	\$ 369,181	\$ 2,094,903	\$ 19,038,102	
		11	6/1/2017	\$ 1,756,405	\$ 338,497	\$ 2,094,903	\$ 17,281,697	
		12	6/1/2018	\$ 1,787,634	\$ 307,269	\$ 2,094,903	\$ 15,494,062	
		13	6/1/2019	\$ 1,819,418	\$ 275,484	\$ 2,094,903	\$ 13,674,644	
		14	6/1/2020	\$ 1,851,768	\$ 243,135	\$ 2,094,903	\$ 11,822,876	
		15	6/1/2021	\$ 1,884,692	\$ 210,211	\$ 2,094,903	\$ 9,938,184	
		16	6/1/2022	\$ 1,918,202	\$ 176,701	\$ 2,094,903	\$ 8,019,982	
		17	6/1/2023	\$ 1,952,308	\$ 142,595	\$ 2,094,903	\$ 6,067,675	
		18	6/1/2024	\$ 1,987,020	\$ 107,883	\$ 2,094,903	\$ 4,080,655	
		19	6/1/2025	\$ 2,022,349	\$ 72,554	\$ 2,094,903	\$ 2,058,306	
		20	6/1/2026	\$ 2,058,306	\$ 36,597	\$ 2,094,903	\$ 0	
				<b>\$ 35,000,000</b>	<b>\$ 6,898,057</b>	<b>\$ 41,898,057</b>		
		<b>6/1/2013 \$ 4,841,763 \$ 1,143,673 \$ 5,985,437 \$ 59,481,828</b>						

# Federal Sequestration

## Sum of Sequestration for Title I, II & III

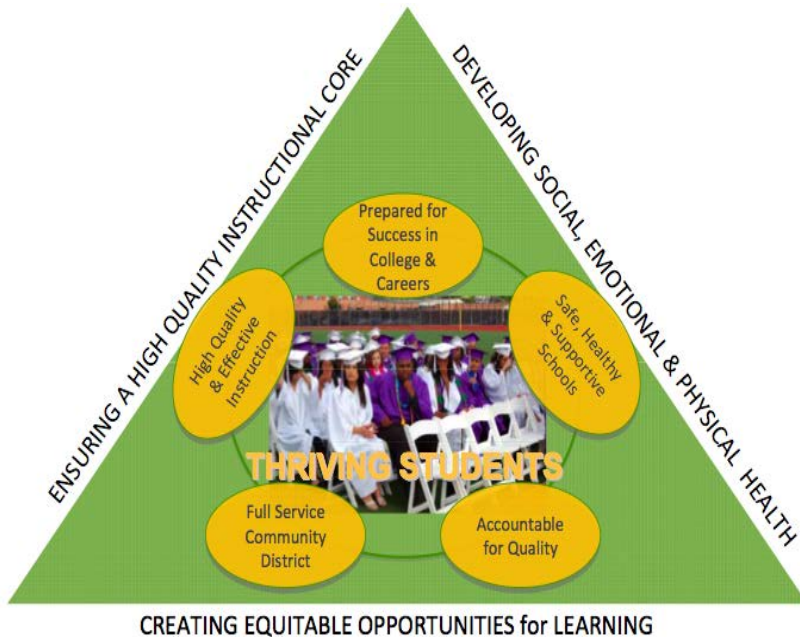
	Title I	Title II	Title III Immigrant	Title III L.E.P.	TOTAL
Est Entitlement	\$ 19,000,000	\$ 3,751,803	\$ 151,800	\$ 1,169,624	\$ 24,073,227
Est 10 % Reduction	(1,900,000)	(375,180)	(15,180)	(116,962)	(2,407,323)
Est Net Entitlement	\$ 17,100,000	\$ 3,376,623	\$ 136,620	\$ 1,052,662	\$ 21,665,904

# 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 9<sup>th</sup> 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

