



OAKLAND UNIFIED
SCHOOL DISTRICT

expect **Success**

Impact of Governor's (recently signed) State Budget on OUSD 2008-2009 Adoption Budget

Wednesday, October 29, 2008

Financial Team

- Vince Matthews – State Administrator
- Roberta Mayor – Superintendent
- Leon Glaster – Chief Financial Officer Consultant
- Roberta Sadler – Controller
- Jason Willis – Budget Director

Agenda

- 2008-09 Adoption Budget Overview
- Strategies to increase District's Fund Balance
- Budget Assumptions
- State Budget Impact on General Purpose Fund
- State Budget Impact on General Categorical Fund
- Board Questions & Discussion

2008-09 Adoption Budget Overview

- The District was able to achieve a balanced budget in 2008-09 Adoption budget; however, the recently approved state budget and the California economy has blunted our continued fiscal recovery.
- Our District reduced the 2008-09 budget by \$24 million from the previous year. We were also not able to afford providing any increase in employee compensation in the budget. Non-labor budgets were drastically reduced.
- The California budget is in the tank. We have to make sure that we have a stable solid savings account (Fund Balance). We must take immediate action to increase our fund Balance.

Strategies to Increase Fund Balance (District's Savings Account)

- The State Administrator, Superintendent, & Board President are working with staff to generate funding opportunities to increase the District savings account. The preliminary results have been very favorable.
- We must be creative and innovative with how we spend and save our resources. The following strategies represent our plan to address the financial challenges of the District.

Strategies to Increase the Fund Balance and Assure Fiscal Sustainability

1. Enrollment stabilization; reversal of declining enrollment. Active recruitment of students.
2. Transfer of General Purpose expenditures to Categorical expenditures wherever possible. (Beware of compliance issue risk).
3. One-time state categorical fund flexibility transfer. Could provide the District with over \$8 million in one-time revenue to General Purpose fund (will need “urgency legislation” from State Representative).
4. Property lease or sale negotiations. Could provide the District with one-time and annual revenue streams.

Strategies to Increase the Fund Balance and Assure Fiscal Sustainability (continued)

5. Reduce the number of under-enrolled schools, or find other innovative ways to reduce the subsidized costs of these schools.
6. Significant Increase in Average Daily Attendance (ADA). A 1% increase would provide the district with \$2.15 million of additional revenue. (District's Attend & Achieve program has been launched this year to increase ADA).
7. Redistribution of retiree benefits over all General Fund programs. A savings of \$200,000 to the General Purpose fund.
8. Mega-Item transfers. A potential savings of over \$700,000.

Strategies to Increase the Fund Balance and Assure Fiscal Sustainability (continued)

9. Continue implementing expenditure cuts at schools and central office each year.
10. Manage charter school portfolio to assure only successful, well-managed schools are approved for continuation.
11. Decrease utilities usage at all sites and central office to generate savings.

Budget Assumptions (Reminder)

Assumptions	2008-09	2009-10	2010-11
Increase in Employee salaries	(1.5%) Step & column Increase	(1.5%) Step & column Increase	(1.5%) Step & column Increase
Increase in Utility costs	(6%)	(6%)	(6%)
Increase in Health & Welfare costs	(9%)	(9%)	(9%)

Budget Assumptions (New)

Assumptions	2008-09	2009-10	2010-11
Increase in Special Education encroachment	(4,500,000)	(4,500,000)	(4,500,000)
Cost of Living Adjustment (COLA) to Revenue Limit	.68%	0% (COLA was 4.83% at May Revise)	0% (COLA was 2.7% at May Revise; School Services is recommending 3.5%)
Estimated student Enrollment	Increase in 446 students over Adoption budget projection still 240 less than 2007-08 Actual	Enrollment Projections at Adoption budget and beginning of school year (21 day count) will be updated in January 2009	Enrollment Projections at Adoption budget and beginning of school year (21 day count) will be updated in January 2009
Categorical program expenditure adjustment	\$8.5 million increase in categorical expenditures – strategy to reduce the carryover; After closing of the books adjustments	\$8.5 million increase in categorical expenditures – strategy to reduce the carryover; After closing of the books adjustments	\$8.5 million increase in categorical expenditures – strategy to reduce the carryover; After closing of the books adjustments
Elimination of state Categorical fund deficit of 6.5%	\$2.64 million net categorical increase	\$2.64 million net categorical increase	\$2.64 million net categorical increase

State Budget Impact on OUSD Adoption Budget General Purpose Fund

	2008-09	2009-10	2010-11
Adoption Budget – 6/25/2008			
Beginning Fund Balance	21,069,600	22,261,390	29,778,426
Total Revenue	256,283,354	263,642,638	263,196,108
Total Expenditures	255,091,564	256,125,603	257,666,981
Ending Fund Balance	22,261,390	29,778,426	35,307,553
State Budget Adjustments			
Final State budget COLA (.68%)	1,467,920	1,467,920	1,467,920
2009-10 reduction of 4.83% COLA to 0% COLA		(10,118,655)	
2010-11 reduction of 2.7% COLA to 0%			(15,927,646)
Adjusted Ending Fund Balance	23,729,310	19,834,067	20,847,827

State Budget Impact on OUSD Adoption Budget General Purpose Fund

	2008-09	2009-10	2010-11
Adjusted Ending Fund Balance from State budget adjustments	23,729,310	19,834,067	20,847,827
Unaudited Actuals final budget; change in Ending Fund Balance	(2,675,708)	(2,675,708)	(2,675,708)
Change in Adoption budget enrollment projections based on current 21 day count. Projected enrollment 36,731 – Actual enrollment (21 day count) 37,177. 446 more student than projected, still a actual decline of approximately 240 students from 2007-08 enrollment.	(1,784,000) This deficit represents the increase in RBB expenses with no change in revenue	2,419,035	2,419,035
Projected Ending Fund Balance	19,269,602	19,577,394	20,591,154

State Budget Impact on OUSD Adoption Budget General Purpose Fund

	2008-09	2009-10	2010-11
Adjustments to the 2008-09 General Purpose fund			
Increase in Special Education Encroachment	(4,500,000)	(4,500,000)	(4,500,000)
Final Ending Fund Balance – to be projected at 1st Interim	14,769,602	15,077,394	16,091,154

Components of Ending Fund Balance

Unrestricted General Purpose Fund

Category	2008-09	2009-10	2010-11
Ending Fund Balance	14,769,602	15,046,834	16,049,794
Reserve for Economic Uncertainty (2%)	8,900,000	8,521,359	8,462,945
Revolving Cash	150,000	150,000	150,000
Audit Findings	1,069,602	1,756,035	2,828,209
Declining Enrollment	2,500,000	2,500,000	2,500,000
Measure E	1,900,000	1,900,000	1,900,000
Oakland Athletic League	250,000	250,000	250,000
Total Components of EFB	14,769,602	15,077,394	16,091,154

State Budget Impact on OUSD Adoption Budget General Categorical Fund

	2008-09	2009-10	2010-11
Adoption Budget – 6/25/2008			
Beginning Fund Balance	3,965,857	6,231,473	6,391,069
Total Revenue	166,510,309	160,460,492	157,451,423
Total Expenditures	164,244,693	160,300,896	157,428,462
Ending Fund Balance	6,231,473	6,391,069	6,414,030
Unaudited Actuals final budget; change in Ending Fund Balance	15,727,726	15,727,726	15,727,726
Adjusted Ending Fund Balance	21,959,199	22,118,795	22,141,756
State Budget Adjustments (Rescinding 6.5% deficit)	2,640,000	2,640,000	2,640,000
Additional projected expenditures	(8,500,000)	(8,500,000)	(8,500,000)
Final Projected Ending Fund Balance	16,099,199	16,258,795	16,281,756

1% Raise in Compensation: By Union Classification

Union	Annual Amount	Comments
OEA	\$1,440,000	Estimated annual increase is 1.5% (step & column)
SEIU	\$286,079	Estimated annual increase is 1.5% (step & column)
AFSCME	\$173,515	Estimated annual increase is 1.5% (step & column)
AFT	\$59,446	Estimated annual increase is 1.5% (step & column)
Teamsters	\$6,960	Estimated annual increase is 1.5% (step & column)
Confidential	\$23,508	Estimated annual increase is 1.5% (step & column)
UAOS	\$315,800	Estimated annual increase is 1.5% (step & column)
TOTAL	\$2,305,308	

Thank You.

QUESTIONS?