



## Business Services Division Memo

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**To:** Aimee Eng, Chair  
Budget & Finance Committee

**From:** Lisa Grant Dawson, Chief Business Officer

**Subject:** Fiscal Sustainability Plan and Draft Update

**Date:** Dec 15, 2022

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Dear Chair Eng and the Budget and Finance Committee,

Please see the draft of the update to the Fiscal Sustainability Plan. At the December 15, 2022 Budget and Finance Meeting, we will primarily focus on the elements of the Fiscal Vitality Plan as an update to the document that we will be sending to the Alameda County Office of Education and to the Board in 2023.

Attachments:

[Fiscal Sustainability Plan Update Draft Document](#)

**To:** Kyla Johnson-Trammell, Superintendent  
**From:** Lisa Grant Dawson, Chief Business Officer  
**Subject:** Fiscal Sustainability Plan Priorities 2021-2024 (Part I - FVP Update)  
**Date:** December XX, 2022

## DRAFT DOCUMENT IN DEVELOPMENT

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### Sustainability Plan

ADD NOTE: FCMAT List

On February 21, 2021, the Board Adopted Resolution 2021-0040 - Adoption of the Fiscal Sustainability Plan. Within the body of the plan to reflect the intentional commitment to move from discussion to action, the plan included the following section:

## Moving from Priorities to Action

This Plan establishes the priorities on which the District will focus over the next three years (2021-2024). The specific actions the Superintendent (or designee) will direct her staff to undertake will be developed annually and will include the aforementioned recommendations on which progress has been made. More specifically, the Superintendent (or designee) will create a draft list of action each May (starting May 2021) for the subsequent fiscal year and will share that draft list with key stakeholders. The Superintendent (or designee) will then determine the final list by June, which will be shared with the Board and ACOE. In September of each year (starting September 2022), the Superintendent (or designee) will review the list of actions from the prior year and will provide a written report and analysis summarizing which actions were fully implemented, partially implemented, and not implemented. These dates correspond with the District's Budget (May) and UnAudited Actuals (September) timelines.

The Draft List of Actions has not been formally prepared as planned in the outlined timeline and will be shared at the XXXXX Budget and Finance Meeting and subsequently the XXXX Board Meeting. The draft plan and specific actions are as follows as aligned with the :

## Part I. Implementation Status of the Fiscal Vitality Plan

Over the past four years, the District has addressed and implemented 16 of the 22 recommendations in the FVP. At the same time, some of the recommendations are no longer relevant, as they were developed in 2018-19, remain in progress, or have not been completed. Below is the latest implementation status of each of the 22 FVP recommendations and the District's recommendation for implementation status. The District has several lists of tasks to complete in its Fiscal Sustainability Plan and believes that addressing this list and eliminating those items

the District feels are complete and/or are under control. This will allow the District to have a more focused approach and not constantly manage additional task lists and updates that can deter from focusing on more impactful projects and strategies.

## Summary

The following table summarizes the status and next steps for each recommendation in the Fiscal Vitality Plan. Each item links to more details within this document regarding our efforts to date and any next steps, as applicable. For some items, the details link to more information outside the scope of this document.

Item	Description	Status	Next Steps
<a href="#">1.1</a>	Restore the ending fund balance and maintain the state-mandated reserve for economic uncertainty	Complete	Continued monitoring
<a href="#">1.2</a>	Institute adjustments to existing Central Office positions	Complete	Continued monitoring
<a href="#">1.3</a>	Maximize the use of restricted revenue resources	Partially Complete	Continued monitoring
<a href="#">1.4</a>	Evaluate Central Office-based contracts and books/supplies for possible freeze and capture of savings	Complete	Continued monitoring
<a href="#">1.5</a>	Pursue capture of donated days and/or furlough	Complete	N/A
<a href="#">1.6</a>	Adjust school per pupil allocations to capture savings	Complete	Continued monitoring
<a href="#">1.7</a>	Institute closer monitoring of contributions to other programs, e.g. special education, nutrition, early childhood	Complete	Continued monitoring
<a href="#">1.8</a>	Update and implement budget forecast and projection practices	Complete	Continued monitoring
<a href="#">1.9</a>	Review and update cash flow monitoring practices	Complete	Continued monitoring
<a href="#">1.10</a>	Institute immediate protocols to limit and review spending among Central Office and school sites	Complete	Continued monitoring

<a href="#"><u>2.1</u></a>	Plan for and adopt a balanced budget that avoids future deficit spending	Complete	Continued monitoring
<a href="#"><u>2.2</u></a>	Establish and conduct zero-based budgeting sessions with all Central Office practices	Complete	Continued monitoring
<a href="#"><u>2.3</u></a>	Research, engage and implement a Central Office reorganization	Partially Complete	Continued monitoring
<a href="#"><u>2.4</u></a>	Institute and conduct monthly central office and school site budget monitoring practices	Partially Complete	Continued monitoring
<a href="#"><u>2.5</u></a>	Review, update and implement effective position control practices	Partially Complete	Continued monitoring
<a href="#"><u>2.6</u></a>	Develop a process for pre-approval of extra time employee payments	Complete	Continued monitoring
<a href="#"><u>2.7</u></a>	Review and implement revised contract approval, processing and management procedures	Partially Complete	Continued monitoring
<a href="#"><u>2.8</u></a>	Complete transition to Escape technology system to manage finance and human resource (HR) information	Complete	Continued monitoring
<a href="#"><u>2.9</u></a>	Review and execute on shifts in expenses that maximize the use of restricted funds	Complete	Continued monitoring
<a href="#"><u>3.1</u></a>	Review and engage school district and school leaders to re-establish appropriate budget roles and responsibility	Partially Complete	Continued monitoring
<a href="#"><u>3.2</u></a>	Establish systems for the management and oversight of bargaining agreements	Complete	N/A
<a href="#"><u>3.3</u></a>	Consider and act on recommendations from the Blueprint for Quality Schools review	Complete	N/A

## Details by Recommendation

1. Stability - Actions initially intended for implementation in the short-term to stabilize the District's then current financial situation and plan for the future.

Item	Status	Next Steps
<b>1.1. Restore the ending fund balance and maintain the state-mandated reserve for economic uncertainty</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p><b>Efforts to date</b></p> <p>The District has met the minimum 2% and an additional 1% Reserve, equalling a 3% since 2018-19.</p> <p>The District has met its 3% reserve requirements as required by the California Code of Regulations 5 15450. The District is also confirming that no additional language or policy references an additional reserve beyond the minimum at this time, though we have been operating under that premise. In reviewing the BP changes per Agenda Item 12-2392, which set the reserve to 3% and was amended back to the CCR minimum requirement in May 2019 per BP 19-0492.</p> <p><b>Next Steps</b></p> <p>Continued monitoring</p>		

<b>1.2. Institute adjustments to existing Central Office positions</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p><b>Efforts to date</b></p> <p>The District has eliminated certain Central Office positions each year since 2017-18. In 2017-18, there were approximately 1,000 FTE in the Central Office; currently, there are 916 FTE in the Central Office. This excludes recent investments in positions that are funded centrally such as counselors and literacy tutors.</p> <p>The District has reduced central office positions annually in what essentially have been staffing reductions for central office positions such that total central office (and "district-wide") positions existed as follows:</p> <p><b>2015-16: 2,002</b>  <b>2016-17: 1,584</b>  <b>2017-18: 1,390</b>  <b>2018-19: 1,331</b>  <b>2019-20: 1,230</b>  <b>2020-21: 1,183</b>  <b>2021-22: 1,418</b>  <b>2022-23: 1,463</b></p>		

Of the positions in 2022-23, 728.37 FTE are funded by the Unrestricted and 735.24 by Restricted Resources. 93 FTE are funded by COVID related resources which will sunset in 2024, though the District is allowed to spend down the COVID resources in 2026.

**Next Steps**

In 2021-22, The District completed the Business Services, Technology, and Talent Departments in December 2021. The District has issued RFP 22-127CSI DISTRICT REDESIGN FOR OAKLAND UNIFIED SCHOOL DISTRICT, CONTINUOUS SCHOOL IMPROVEMENT DIVISION. Continuous School Improvement (CSI) is the District’s Division Header for what may be standardly used as Education Services. This leaves Facilities and our Legal Services as departments that based on preliminary requests for information, have not yielded responses; thus, the District will analyze these departments internally, as is a common standard.

**1.3. Maximize the use of restricted revenue resources**

**Partially Complete**

**Continued monitoring**

**Efforts to date**

The District has significantly improved how it uses and budgets restricted revenues. In 2017-18, the ending balance for restricted funds was \$38.6 million; in 2019-20, the unaudited actuals found that the ending balance for restricted funds was \$34.5 million and in 2021-22, \$67.5M. It should be noted that \$20M is one time COVID Response resources eligible to maintain a fund balance. Need to review 9000 to make distinctions.

[Learn More](#)

**Next Steps**

2022-23 - Show FTE U/UR  
What was that of the balance of the total

**1.4. Evaluate Central Office-based contracts and books/supplies for possible freeze and capture of savings**

Complete

Continued monitoring

**Efforts to date**

The District has significantly improved how it uses and budgets restricted revenues. In 2017-18, the ending balance for restricted funds was \$38.6 million; in 2019-20, the unaudited actuals found that the ending balance for restricted funds was \$34.5 million and in 2021-22, \$67.5M. It should be noted that \$20M is one time COVID Response resources eligible to maintain a fund balance. Need to review 9000 to make distinctions.

**See Also**

[Contractor Expenditure Analysis](#)

Books & Supplies Expenditure Analysis

**Next Steps**

2022-23 - Show FTE U/UR

What was that of the balance of the total

**1.5. Pursue capture of donated days and/or furlough**

Complete

N/A

**Efforts to date**

The District asked for voluntary furloughs by senior leadership in 2017-18 as part of mid-year reductions and discussed the same with its collective bargaining units. The former was implemented; there ended up not being a financial need for the latter. The urgent need for exploring this possibility dissipated soon after adoption of the FVP.

**Next Steps**

N/A - Should be removed from the Fiscal Vitality List as it was a one time action and not recommended nor viable as an ongoing strategy.

**1.6. Adjust school per pupil allocations to capture savings**

Complete

Continued monitoring

**Efforts to date**

The District has reduced and/or adjusted school per pupil allocations on at least two occasions (i.e., as part of budget reductions for the 2019-20 and the 2020-21 fiscal years \$65 in Supplemental for \$1.8M). These changes have included across-the-board reductions as well as adjustments to the pupil pupil allocations based on grade level rates (as opposed to school type) and adjustments to enrollment practices to create

<b>1.6. Adjust school per pupil allocations to capture savings</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p>more sustainable cohorts and fewer combination classes.</p> <p><b>Next Steps</b>  This recommendation appears to be listed as an option for the District to consider with no metric nor standards included in the initial recommendation. The District has applied such strategies within and outside of the vitality plan options and may explore as necessary in the future, but sees no reason this item is a recurring item.</p> <p>This is complete, Add years.... 2019-20 Discretionary and 2022-23 Supplemental</p>		

<b>1.7. Institute closer monitoring of contributions to other programs, e.g., special education, nutrition, and early childhood</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p><b>Efforts to date</b>  The District has not made a contribution to Fund 12 nor Fund 13 since the 2019-20 school year and is not forecasted to do so in light of additional revenue, participation, and enrollment and expansion of programs with funding.</p> <p>Add Summary of history.</p> <p><b>Next Steps</b>  The District will continue to monitor.</p>		

<b>1.8. Update and implement budget forecast and projection practices</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p><b>Efforts to date</b></p> <p><b>Next Steps</b>  The District will continue to monitor.</p>		



**1.9. Review and update cash flow monitoring practices**

**Complete**

**Continued monitoring**

**Efforts to date**

The District has significantly improved its cash flow monitoring practices. This was a key area of improvement as a result of the training provided by the District’s financial consultants. The District is making significant strides in developing its cash flow model to better analyze and model its projections. The District is also keen on discerning the reasons for the annual \$30 million Fall Borrowing from the ACOE (not initiated in the Fall of 2020) and mitigating such practices, the impact of the current LCFF cash flow deficits for 2020-21, and the impact of the various restricted grants and programs and their impact to the districts cash flow.

Cash Flow ending balances have been as follows and has not been an extreme area of critical concern from ACOE Or FCMAT oversight communication.

- 2016-17
- 2017-18
- 2019-20
- 2020-21
- 2021-22
- 2022-23

Cash Flow is a standard metric and concern for all District’s and OUSD is eligible to be aligned in evaluation as are other Districts accordingly.

**Next Steps**

The District has instituted a fluid Cash Flow projection model and tool and is in progress of cross training District financial management staff on how to complete and monitor the cash flow analysis as this work was done by the CBO and Controller.

**1.10. Institute immediate protocols to limit and review spending among Central Office and school sites**

**Complete**

**Continued monitoring**

**Efforts to date**

The District implemented protocols to limit and review spending among Central Office and school sites and continues to monitor the same.

**Next Steps**

- Budget Handbook
- Purchasing & Requisition process
- Staffing and Positional Control



**2. Recovery - Actions initially intended for short-to-medium term implementation to help the District recover from its then current financial position.**

<b>2.1. Plan for and adopt a balanced budget that avoids future deficit spending</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p><b>Efforts to date</b></p> <p>The District has made substantial progress in planning for and adopting a balanced budget that avoids deficit spending. In March 2020, the Board approved more than \$20 million in ongoing reductions. The District is projected to report a positive certification for the 2022-23 First Interim and is projected to be positive for the two out years.</p> <p><b>Next Steps</b></p> <p>Significant Progress Made and Controls instituted: LGD to finish update.</p> <p>Historical Deficit in GF</p> <p>Continue to Manage</p> <p>However, more work in this area is needed given the bargained (and needed) increases in compensation and the resultant annual increases in salary and benefits, fragility of state revenue projections as a result of COVID-19, and future projected increases in expenditures and necessary reductions to offset the flat projected revenues year over year.</p>		

<b>2.2. Establish and conduct zero-based budgeting sessions with all Central Office practices</b>	<b>Complete</b>	<b>Continued monitoring</b>
<p><b>Efforts to date</b></p> <p>All Central Office budgets for 2018-21 were developed through a modified zero-based process. The District was unable to host the meetings as prescribed in 2020-21 for all sites and departments, but did enhance and develop a budget meeting format whether in person or online using shared budget development tools/resources.</p> <p>This process for 2021-22 and 2022-23 has been completed.</p> <p><b>Next Steps</b></p> <p>Departments have had budget meetings for two years and we have begun year three as the 2023-24 budget development has already begun.</p> <p>As the 2023-24 Budget is being developed, consistent practices, to include budget planning meetings with ALL sites and departments occurring earlier, with room for development and engagement is on its third year of implementation.</p>		

**2.2. Establish and conduct zero-based budgeting sessions with all Central Office practices**

**Complete**

**Continued monitoring**

Enrollment projections are set to be completed by November, Central Department Budget Staffing meeting was launched in November, and Draft Budget One Pagers for school Sites will be completed prior to the December winter break, with school site Budget meetings occurring in January.

This provides more strategized time to plan, review, and adjust the budget for all funds and resources and meet expectations for preliminary budget and LCAP alignment annually in June. Historically, the District began budget development in January.

**2.3. Research, engage and implement a Central Office reorganization**

**Partially Complete**

**Continued monitoring**

**Efforts to date**

The District has completed its contract with School Services of California to review and analyze the Business Services, Human Resources, and Technology Department. Though there have been adjustments to these departments since 2017-18, this analysis has provided the District with additional information to support future reorganizations.

**Next Steps**

Item 1.2 and 2.3 Coincide and have been done, but next steps on the Central Reorg evaluation for Ed Services, Legal Services, and Facilities is on deck for the 2022-23 Fiscal year.

In 2021-22, The District completed the Business Services, Technology, and Talent Departments in December 2021. In October 2022, the District issued [RFP 22-127CSI DISTRICT REDESIGN FOR OAKLAND UNIFIED SCHOOL DISTRICT](#), CONTINUOUS SCHOOL IMPROVEMENT DIVISION. Continuous School Improvement (CSI) is the District's Division Header for what may be standardly used as Education Services. This leaves Facilities and our Legal Services as departments that based on preliminary requests for information, have not yielded responses; thus, the District will analyze these departments internally, as is a common standard.

**RFP SCHEDULE OF EVENTS**

The following schedule will be used by the District for this RFP:

RFP Posting/First Advertisement: October 14, 2022

Pre-Bid Conference: November 1, 2022 @ 3:15 p.m.

(Zoom link on Procurement Website)

Deadline for Questions: November 3, 2022 @ 2:00 p.m.

Proposal/Bid Submitted to District: November 11, 2022 @ 2:00 p.m.

Proposal/Bid Opening: November 15, 2022 @ 4:00 p.m

**2.3. Research, engage and implement a Central Office reorganization**

**Partially Complete**

**Continued monitoring**

(Zoom link on Procurement Website)

Potential Interviews (If Necessary): November 2022

Final Award of RFP (BOE): November 2022

Contract Start Date: December 2022

Projected completion by May 2022

This provides more strategized time to plan, review, and adjust the budget for all funds and resources and meet expectations for preliminary budget and LCAP alignment annually in June. Historically, the District began budget development in January.

**2.4. Institute and conduct monthly central office and school site budget monitoring practices**

**Partially Complete**

**Continued monitoring**

**Efforts to date**

The District has hired a new Chief Business Officer (April 2020) and Director of Budget & Finance (Jan 2021) who have adopted the reorganization plan for the Budget & Finance department as recommended and approved by the Board in March 2020 and begun the process of the teaching staff how to manage and analyze the budget and actual activities of sites and department budgets monthly to include reconciling resources and funds as assigned.

The addition of the alignment of the Business Partners to their assigned departments, resources, and sites, in addition to the more recent addition of the Chief Financial Officer, has made and will make the monthly budget and actual monitoring even more streamlined and efficient. The District has implemented Interim review practices and reconciliation standards to support firm projections and consistent outcomes, with less swings between reporting periods and accuracy in reporting.

MERGE

**Next Steps**

There are monthly and quarterly procedures in place to support budget monitoring processes for all sites and also resources and programs.

Recommend Metric and language for expectations.

**2.5. Review, update and implement effective position control practices**

**Partially Complete**

**Continued monitoring**

**Efforts to date**

The District has developed the draft and is in the first phases of implementing its Standard Operating Procedure for position control with support from the ACOE and as part of the ISTA work and progress.

**Next Steps**

Procedure Manual

PC Letter - November 2022

Continuously monitor the implementation of PC

Monthly meetings

Expected Completion - 2022-23

**2.6. Develop a process for pre-approval of extra time employee payments**

**Complete**

**Continued monitoring**

**Efforts to date**

The District has conducted an analysis of all "stipends" paid to employees and remedied any stipends that weren't clearly part of a collective bargaining agreement or Board approved. The District has not conducted a similar analysis of other forms of additional pay in recent years, but is including it as part of its 2021-22 Budget development process to include the widespread use of "Additional Contracts", which references additional compensation for additional work and the way it is managed and funded.

**Next Steps**

The District has implemented and is using the Human Resource Assignment (HRA) system in escape and has developed procedures and is preparing to relaunch 2.0 training Districtwide (ADD TO DO WHAT).

**2.7. Review and implement revised contract approval, processing and management procedures**

**Partially Complete**

**Continued monitoring**

**Efforts to date**

**2.7. Review and implement revised contract approval, processing and management procedures**

**Partially Complete**

**Continued monitoring**

The District has updated BP and AR 3312 (Contracts and Delegation of Authority), BP 3290 (Gifts, Grants, and Bequests), and BP 3320 (Claims and Actions Against the District). The District has also updated its Contracts Online system and now conducts annual training for staff on the process and requirements regarding contracts.

**Next Steps**

In Progress, but measurable improvement made - LGD to finish narrative.

From the contract. Add position additions Contracts Manager...

**2.8. Complete transition to Escape technology system to manage finance and human resource (HR) information**

**Complete**

**Continued monitoring**

**Efforts to date**

The District has completed its transition to Escape; however, there were several areas that were incomplete at implementation that have caused the District significant challenges in its financial management and monitoring. The District is currently working aggressively to develop reports and system enhancements to the benefits sub-ledger and simultaneous upgrades to the payroll reporting and outcomes.

There were also Phase II elements that had not been initiated and other procedural upgrades that were slow in launching. The District has re-engaged with Escape and ACOE and is preparing to finalize the Phase II plan as well as identify the appropriate positions required to maintain progress.

2020-21 - Benefits, Position Control, Budget Development

2021-22 - Calendars, Site Based Budget Development (2022-23 Budget), Benefits, Position Control Mgt/Revised HRA Implementation, Leave Strategies, Procurement and Requisition Workflow, Facilities Project Management

**Next Steps**

2022-23 - Leave Management Implementation, Site Based Budget Management, Procurement and Requisition Workflow, Facilities Project Management

Continues to work with ACOE and ACOE and will monitor.

**2.9. Review and execute on shifts in expenses that maximize the use of restricted funds**

**Complete**

**Continued monitoring**

**Efforts to date**

The District is managing the use of its restricted funds and where such use is sustainable and in many areas has reached a cresting point. Key concerns regarding the number of FTE funded by restricted funds and the higher expense in compensation over time supports the MYP outcomes that reductions will need to be made no later than 2022-23 to ensure that the restricted programs, including Special Education, require zero or reasonable contributions from the UnRestricted General Fund.

**Next Steps**

2020-21 - 2024-25 As one time funds phase out and prioritization on supplemental services is re-set.

See (LGD Pull item above).

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**3. Vitality - Actions initially intended for medium-to-long term implementation allow the District to achieve its academic goals while maintaining fiscal health.**

<p><b>3.1. Review and engage school district and school leaders to re-establish</b></p>	<p><b>Partially Complete</b></p>	<p><b>Continued monitoring</b></p>
<p><b>Efforts to date</b></p> <p>Progress has been made in this area with Division leaders in the building of the 2020-21 budget. This work will continue to reach school sites and departments as we build the 2021-22 and out year budgets. Business Staff, for instance, have been introduced as Business Partners and their roles of support and guidance have been introduced in the 2020-21 school year.</p> <p>2020-21 - 2022-23</p> <p>The District...training and development</p> <p><b>Next Steps</b></p> <p>2022-23 Workplan. The District has also hired a Chief Financial Officer (2022-23), which also allows us to shift accounting and finance responsibilities back to the Business Services Department, for consistency and continuity in messaging, training, and accountability.</p> <p>District is</p>		

<p><b>3.2. Establish systems for the management and oversight of bargaining agreements</b></p>	<p><b>Complete</b></p>	<p><b>N/A</b></p>
<p><b>Efforts to date</b></p> <p>Now that the District’s Business management team has been established, the CBO, Director of Budget, Controller, Director of Payroll (January 2021), Chief Financial Officer (August 2022) and Labor relations are moving swifter in establishing these key roles, to include developing professional development to site and department leaders on position control and funding, perimeters and eligibility for offering standard and additional compensation, as well as leave management as cited in our CBA’s and policies.</p> <p>New procedures for labor issues and reconciliation have also been implemented that include cross functional team dynamics and communication with the Bargaining units.</p> <p>Other departments and department focus areas have also been added to build a consistent negotiations data and language team that includes several District team. Currently, a standing Thursday two hour session is scheduled for negotiations/negotiations prep.</p> <p><b>Next Steps</b></p> <p>Add the Bargaining Calendar?</p>		

**3.3. Consider and act on recommendations from the Blueprint for Quality Schools review**

**Complete**

**N/A**

**Efforts to date**

The Board has approved and the District has implemented two cohorts, which expanded three schools, redesigned one school, merged eight schools into four, and closed one school. The Board also adopted Resolution No. 2021-0128 (Advancing District’s Citywide Plan Work), which requires the Superintendent to propose additional school expansions, redesigns, mergers, and/or closures for Fall 2022. Should the Board vote against a merger or closure, the Board must approve ongoing reductions of at least the ongoing net savings from the rejected merger or closure; otherwise, the Superintendent shall proceed with the proposed merger or closure.

**Next Steps**

N/A

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